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Forecast of Georgia & Atlanta 1988-1989

Five-Year Forecast of Atlanta
Georgia State University
College of Business Administration
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GEORGIA SLOWLY RECOVERING FROM NO-GROWTH PERIOD

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Summary

At least two measures of Georgia's economy showed no growth during the first half of 1988. Personal income even before adjustment for price changes declined during the first quarter, causing Georgia to have the poorest change in nonfarm personal income in the entire Southeast. Income recovered during the second quarter, but the first half average after adjustment for inflation showed no increase from the end of 1987.

Our estimates of payroll employment seasonally adjusted showed growth during the first quarter followed by significant weakness in the second quarter. Modest growth resumed during the summer months. For the year, only 30,000 new jobs are expected to be created in Georgia, an anemic 1.1% increase. This compares with a gain of 3.4% in the previous year.

The cornerstone of this weakness is the transportation equipment sector, where problems at auto assembly plants and especially at Lockheed-Georgia have caused serious declines beginning in the middle of this year. Employment in 1989 is expected to average 9000 below 1987 levels in that important sector. This is combining with a significant construction correction to significantly restrain economic expansion in Georgia. The construction problems not only are influencing construction workers but also are restraining employment gains in the construction materials industries. By the time the decline in transportation equipment ends, weakness is expected to surface in the carpet industry and continue in apparel. As a result, manufacturing employment is expected to continue declining into 1990.

Fortunately, trade activity already is correcting from excessive employment gains in earlier years, while sluggishness in the financial sector as a result of reduced stock market activity should slowly dissipate rather than intensify. Continued, though less aggressive growth in the service sector along with some expansion in government payrolls should provide enough employment support to insure some employment growth. Some budgetary problems could surface at the state level, which may necessitate slower employment growth there than currently projected. But those budget problems are certainly avoidable at the present time.

According to our newly revised coincident indicator estimates, the indicators have only been growing at an annual rate of 1.2% since the beginning of this year. As this growth path is calibrated to coincide with growth in gross state product, this suggests that Georgia's gross state product may grow by less than 1.5% this year. The gross state product then is expected to accelerate slightly to gains of between 2% and 2.5% both in 1989 and 1990. In

1988 and 1989, the Georgia economy will perform at a slower growth path than the United States. By 1990, however, Georgia may accelerate its growth even as growth nationwide may be slowing.

Growth in wage and salary employment is expected to be only 1.3% in 1989 and a still moderate 1.7% in 1990. As a result, the unemployment rate, which was only 5.3% in 1987, is expected to average 6% this year, 6.6% in 1989, and 6.8% in 1990.

Georgia's nonfarm personal income also is expected to grow more slowly than nationwide, with increases of 6.2% in 1988 and 6.4% in 1989 before regaining more than national growth in 1990 with a gain of 7.2%. This reduced employment and income growth will take a toll upon population movements, with the 2% growth in population in 1987 giving way to increases of only 1.8% in 1988 and as low as 1.4% in 1990.

Such slow growth in income makes even our previous estimates of a 7.5% gain in revenue growth for the current fiscal year unlikely. Revenues may increase only 6.5%, far below the governor's 8.2% budget estimates. Gains of less than 7% are projected for the next fiscal year before 7.5% growth can be re-established in 1990. Thus, the state will suffer several years of subnormal revenue gains.

Despite this relatively poor employment and income performance in Georgia over the next two years, the state is expected to overcome weaknesses in transportation equipment, construction, and the construction-based manufacturing industries, without suffering an actual dip in economic activity. Indeed, seasonally adjusted estimates of payroll income are again growing despite large declines in construction and transportation equipment.

Recent Conditions

According to our estimates in table 5, Georgia suffered a rare decline in seasonally adjusted payroll employment during the second quarter. Weakness in construction and transportation equipment were at the center of that decline. However, continuing sluggishness in the apparel industry began to take its toll upon the yarn and weaving mills in the textile industry. Consolidation in that industry also led to significant employment disarray. However, the carpet industry remains robust and should continue to maintain vigorous employment opportunities through the end of this year before turning down next year. Weakness also occurred in retail trade and finance. Consolidation in the former appears to have been a factor in limiting employment opportunities there while continued shock waves from last year's stock market crash continue to undermine growth in the financial sector.

The downtrends in transportation equipment and construction continued in the summer, although transportation equipment may already have disgorged all the workers associated with auto assembly and aircraft problems. Weakness also continued at lumber mills, in apparel, and in other nondurable goods such as rubber and petroleum products. However, a rebound in food processing, especially poultry dressing, along with continuing expansion in the machinery industries and transportation, where Eastern Airlines rebuilt its flights at Hartsfield after eliminating some marginal routes earlier in the year, and in medical and business services continue to offset areas of weakness.

Georgia's leading indicators have not been encouraging in the last few months. Significant weakness in construction permits along with sluggish sales tax activity generated four consecutive months of declining indicators. Indeed, if the national economy were not so robust, this almost certainly would be a prelude to a recession in Georgia. Fortunately, consumer activity again picked up in Georgia in September while a sharp decline in construction contracts began dissipating. The September indicators began moving upward. Nevertheless, the Georgia leading indicators are less than 1% above previous year levels and clearly show sluggish growth ahead.

The coincident indicators have not performed as poorly. Those indicators also showed weakness in the spring, coinciding with our seasonally adjusted declines in payroll employment. However, a slight rebound in hours worked along with significant improvement in corporate income tax accruals have improved the index. Nevertheless, previous weakness continues to plague state revenues, where our revenue indicators have now declined for four consecutive months. This means that the underlying growth of revenues continues to slow. Thus, any hope of regaining lost ground in revenues later in the fiscal year is unlikely according to this indicator. Our preliminary September numbers also show a rebound in the coincident indicators.

During the second quarter, the last quarter for which data is available, Georgia's economy rebounded from a rare first quarter decline in nonfarm personal income. Nevertheless, the 1.4% second-quarter increase continued to trail the U.S., where gains were a more vigorous 2.1%. A bright spot is the performance of the Georgia farm economy, which showed a 4.3% increase in farm income as compared to a drought-stressed 2.4% decline nationwide. Georgia's relatively insignificant mining industry did better than nationwide, showing earnings growth of 2.5% as compared to 1.9% for the nation. Aside from that, only the military, with a gain of 1.4% in earnings as opposed to a 0.1% nationwide decline and the transportation sector with a 2.9% gain as opposed to 2.5% growth nationwide were able to outperform the nation. Aside from farming and the military, no sectors nationwide showed any earnings declines. In Georgia, both manufacturing sectors showed dips in earnings, with durable goods showing a sharp 2.1% earnings drop. Moreover, construction showed no earnings gain following a sharp 3.3% earnings decline in the previous quarter. By comparison, the nation's construction workers showed 2.4% growth in second-quarter earnings. Even the much vaunted service sector showed much smaller earnings growth in Georgia than in the nation, gaining only 3.5% as opposed to 4.4%. Of course, the poorer performance in employment led to a smaller drop in unemployment benefits in the state than nationwide. As a result, transfer payments grew more rapidly in Georgia than in the nation. Furthermore, property income also showed a larger gain in Georgia than nationwide. These gains tended to bolster otherwise substantial weaknesses in Georgia earning power.

Although our estimates of payroll employment show improvement in the third quarter, Georgia's nonfarm personal income almost certainly continued to trail the nation in the summer months. On the other hand, the Georgia farm economy weathered the drought reasonably well. Some yields were impacted, but improvement in product prices more than offset production weaknesses. Furthermore, a shift in consuming patterns led to significant increases in poultry demand. Thus, Georgia may experience one of the best years for farm income in this decade. With so many problems, it is useful that something is going right.

In the past few months, retail trade in the South showed the slowest growth in the nation. The South Atlantic states are now trailing United States growth rates with an increase of 3.0% versus 3.3%. In Atlanta, retail sales were up 3.8% in the first seven months of 1988 from the comparable period in 1987. This compares with a 6.6% gain nationwide. In July alone, retail activity appeared to diminish in Atlanta, with nondurable goods 2.9% behind previous year levels. Department store sales in Atlanta also are sluggish, showing an actually 0.9% decrease in the first seven months of 1988 from comparable periods in 1987. Nationwide, department stores were showing a 4.6% increase over the comparable period. During the second quarter, Georgia taxable sales increased only 5.3% from the previous year. This compared to a year-over-year improvement of 10.6% in the previous quarter. After adjustment for service expenditures, this suggests that Georgia consumption is increasing about 6%. Adjusted for a modest decrease in individual tax rates, Georgia disposable income apparently increased close to 7% over the same time. Thus, Georgians are adding to their savings at the present time. As a result, current sluggishness in retail activity may give way to more substantial strength later in the year.

Weakness in employment opportunities is beginning to be reflected in the insured unemployment rates. Atlanta's insured unemployment rate has now crept up to almost 1.3% while the insured unemployment rate for Georgia has risen to 1.4%. In contrast, the insured unemployment rate nationwide has continued to decline and is now at 1.9%. Thus, labor markets are beginning to ease in Atlanta and Georgia while they are tightening nationwide.

Unemployment in the past year is almost a mirror image between the United States and Georgia. While unemployment has fallen from 5.7% to 5.2% nationwide, it has risen from 5.1% to 5.7% in Georgia. Georgia's household estimates of employment remain remarkably different from payroll employment estimates. In the latest month, household employment apparently grew 96,000, while payroll employment in Georgia increased less than 20,000. Surprisingly, the discrepancies are just the reverse in the nation, where payrolls are growing 3.7 million while household estimates of employment are up slightly more than 2.4 million. Probably, Georgia is underestimating payroll employment at the present time. Nevertheless, the pattern of a weakening economy is clear.

Despite weakness in the Georgia economy, several metropolitan areas have been able to lower their unemployment rates over the previous year. Athens now has the lowest unemployment rate at 4.2%, down from 4.3% a year ago. Employment growth of nearly 5% appears to account for much of this continued good performance. Employment growth has been a less spectacular 2.5% in Macon as measured by the household surveys, but this apparently has been enough to lower the unemployment rate from 4.8% to 4.6%. Macon's payroll estimates have not been as satisfactory, showing only a 0.8% gain in the second quarter from a year ago. Weakness has been especially noteworthy in construction and nondurable manufacturing, although trade has slowed to only a 1% gain, down from increases of more than 7% in the previous year. A modest rebound in payroll employment certainly is anticipated during the second half in Macon. Employment gains also helped Albany lower its unemployment rate slightly from 8.4% to 8.3% in the past year.

Unemployment grew in all the other metropolitan areas, with the largest increase occurring in Atlanta with the unemployment rate moving up from 4.5% to 5.4%. Household estimates of employment show gains of more than 53,000 as compared to increases of only 11,000 on payroll estimates. Minimal employment

growth was responsible for the rise in unemployment from 5.7% a year ago to 6.4% this September in Columbus. These minimal gains are also apparent in payroll estimates, which are only up 0.3% from a year ago. Durable manufacturing, transportation services, and trade appear to be the culprits holding down growth in Columbus. Given the present weakness, construction probably will need to slow further in that metropolitan area, assuring modest or no employment gains over the next several quarters. In Augusta, unemployment has increased from 5.5% to 6% over the past year. Despite decent employment gains according to household estimates, payroll estimates, show a sharp slowing in the second quarter to only a 0.7% gain from the previous year. Weakness has been concentrated in transportation services, trade, and financial sectors. The weakness in finance and trade may be coming to an end. Continuing strong gains in manufacturing soon should reverse current weakness in the transportation sector. Therefore, Augusta's weakness probably is short-lived. Finally, more than 2% growth in household employment has not been enough to keep the Savannah unemployment rate from rising from 5.6% to 6.0% over the past year. Payroll estimates for Savannah have been marked down sharply, showing a decrease of 0.7% from the previous year. Substantial weakness in construction, manufacturing, transportation services, trade, and finance all account for this poor performance. Sharp increases in the workweek and a slight dip in initial unemployment claims in recent weeks suggest that this period of sluggishness should soon end for Savannah. Nevertheless, housing permits are off more than 70% from an unusually strong period a year ago. Virtually no apartment construction currently is taking place. These indicators suggest that the Savannah economy is dead in the water at the present time.

Mortgage rates are beginning to ease again after strengthening during the summer. However, effective mortgage rates for fixed mortgages are 0.4 percentage points above a year ago during the latest month. The effective rate for all loans closed was at the same level as a year ago. In Atlanta, the effective rate was .06 percentage points above a year ago but remained about 0.2 percentage points below national mortgage rates. Nationwide, the purchase price for all homes financed was up $8200 while the price fell $16,900 to $132,500 in Atlanta. Although mortgage rates are beginning to fall, and fixed rates already are reported under 10% in the Atlanta area, weakness in employment gains probably will continue to exert modest downward pressures upon home prices in the Atlanta area.

A rebound in tax collections for individual and corporate income and surprisingly strong collections for motor fuels led a rebound in revenue collections to a 6.8% gain from the previous year during the first quarter of this fiscal year. In September, collections were 7.6% above a year ago. While this rebound was heartening, it almost certainly cannot last given the employment and personal income gains that are currently being generated. In previous quarters, revenue gains were 4.8%, 9.9%, 12.3%, 9.1%, and 6.9% above previous quarters. This strength in motor fuels almost certainly will not be sustained. Neither will income tax collections. As a result, revenue estimates are being lowered to only a gain of 6.5% for this and the next fiscal year. The fiscal year subsequent to that might show a 7.5% revenue gain. With the governor's budget projecting an 8.2% increase, revenue estimates for fiscal year 1989 simply cannot be met.

Sales tax collections were up a meager 3.3%. This compares with gains of 4.9%, 9.9%, 5.9%, 9.7%, and 5.1% in previous quarters. Sales tax gains for all state and local governments was a slowing 5.1%. This compares with increases of

7.1%, 7.5%, 6.4%, 6.5%, and 6.8% in previous quarters. Personal tax collections rebounded to an increase of 10.5%. This compares with gains of 4.6%, 14.8%, 15.5%, 11.0%, and 9.6% in previous quarters. All state and local governments showed an increase of 11.7% following an unusually low 1.9% in the previous quarter. In earlier quarters, all state and local governments showed increases of 9.2%, 8.2%, 8.6%, and 21.8%. Corporate tax collections in Georgia continued to show a rebound from that 0.4% decline during the first quarter. This quarter, the gain was 11.0%, down only modestly from 11.5% in the previous quarter. Prior to first quarter decline, corporate accruals increased 5.7%, 4.9%, 2.9%, and 26.3% in previous quarters. Corporate tax collections for all state and local governments increased an estimated 6.8% in the lastest quarter. This compares to increases of 14.1%, 13.4%, 15.9%, and 26.7% in previous quarters. Despite better corporate collection performance than in the nation as a whole, weakness in personal and sales tax collections suggest that Georgia, indeed, is growing at a slower rate than nationwide. This will be reflected in revenues later in the year.

Summary of Outlook

Georgia is nearing the end of its slump in employment in the transportation equipment sector but is only half-way through its downward adjustment in construction activity. On the other hand, sluggishness in retail activity reflects temporary caution by the Georgia consumer, who has been increasing savings in recent months. Corporate consolidations also have taken their toll in retail employment. Stronger retail activity is expected during the Christmas season and in 1989.

Although manufacturing is definitely weakening, the machinery and metals industries continue to show pockets of strength. Food processing and printing also continue to expand. While overall manufacturing employment probably will decline over the next two years, enough offsets exist within manufacturing to insure that the degree of weakness will not be significant.

With construction and manufacturing weakening, the distributive and service economies cannot continue to show unrelieved growth. Transportation services, while continuing to expand, are slowing their rate of advance. There has been virtually no growth in wholesale and retail employment since the first of this year. The finance sector continues to show weakness in the aftermath of the stock market crash. Previous strength in business services is giving way to more modest, but sustainable, expansion. On the other hand, growth of hospital personnel continues to be exceptionally rapid. Can medical services continue to grow that rapidly relative the remainder of the Georgia economy? Finally, the growth in government services remains unabated, although some of those state and local positions may be based upon revenue estimates that cannot be attained.

Construction contracts continue to correct downward. This will add further downward influence upon employment opportunities, but it will also insure that too many houses and office building will not continue to be built. Further downward adjustments are required in the construction industry, but some semblance of stability should develop in the second half of 1989. At that time, no other downward forces upon the Georgia economy will be evident. Further weakening in the construction materials sector of manufacturing may develop, but employment gains should surface in 1990. Indeed, economic conditions would

rebound even more than currently anticipated except that our national outlook suggests some weakening in production and manufacturing activity at that level.

Unemployment already has begun creeping up in Georgia as a result of reduced employment opportunities. By 1990, unemployment in this state may be approaching 7%. Such a rise in unemployment almost certainly will discourage population movements into the state. Thus, the unusually rapid 2% population gain in 1987 will slow to increases of less than 1.4% by 1990.

Obviously, slower employment gains lead to reduced gains in income. As mentioned above, this state is fortunate to have largely weathered the economic impacts of the drought, as most of the rain scarcity occurred above the agricultural belt within the state. Thus, farm incomes are growing robustly this year. Excluding the farm economy, however, economic activity has slowed sharply. Contract construction may actually show a decline in earnings in 1988. Further construction weakness suggests minimal gains in earnings during 1989. The downturn in transportation equipment leads to minimal gains in durable earnings in the next two years. As a result, Georgia's personal income will slip from 2.36% of the national average to 2.33% in 1989 before regaining that 2.36% in 1990.

While less than normal growth is expected for the Georgia economy in the next two years, these hard adjustments appear to be achieved without actual recessionary behavior. Nevertheless, Georgia is not familiar with a slow-growth economy in the last decade and may discover that the adjustment process, especially in construction, is a bit more harsh than experienced in recent years.

ATLANTA ECONOMY LEADS GEORGIA DOWNWARD

Recent Conditions and Outlook

During the past decade, the Georgia economy has largely marched to the tune of the Atlanta drummer. When Atlanta was booming, Georgia was carried forward. Now that Atlanta is adjusting, the state of Georgia is forced to adjust as well. To paraphrase an old saying, "when Atlanta sneezes, the Georgia economy catches a cold;" and the Atlanta economy currently is sneezing.

Construction excesses appear to be as significant in Atlanta as in any other part of Georgia. Although housing permits are expected to slump by 10% in the Atlanta area, even this level of permits will exceed our estimated potential absorption by more than 2000. Moreover, reduced employment opportunities lead to reduced population gains. Sluggish population growth, in turn, leads to reduced housing needs. By 1989, another 4000 will be reduced from estimated potential absorption while another 2000 may vanish by 1990. Thus, in four years, the Atlanta absorption rates for housing will have fallen from a peak of more than 50,000 in 1986 to less than 30,000 by 1990. Developers obviously will not be content to accept a 40% shrinkage in their business opportunities. Thus, overbuilding is a serious prospect while this reduction in employment and population changes occurs.

As expected in our previous forecast, continued strong absorption rates along with reduced construction activity have begun to lower industrial vacancies in Atlanta. However, the drop from 7.0% in June to 6.4% in September still leaves vacancy rates above the 5.8% registered nationwide according to Coldwell Banker. Further strong absorption rates and moderate construction rates are anticipated, which should bring Atlanta below the national average by the middle of next year. In the meantime, industrial construction will remain at relatively subdued levels.

In Atlanta, the downtown vacancy rate continues to grow as tenants leave for more prestigious spaces in Midtown and elsewhere. The downtown vacancy rate, at 16.9%, is now above the national rate of 16.3%. Moreover, as more Midtown and Buckhead buildings become completed, downtown vacancies can move toward 20%. The suburban vacancy rate fell slightly in Atlanta to 17.7%, well below the 21.4% nationwide. However, a substantial amount of preleasing may be lowering these vacancy estimates. When the other leases are terminated, vacancies will rise significantly in older class A buildings. Excluding the prelease effect, vacancies probably are about at the national average of slightly more than 20% in the Atlanta market. Rising vacancy rates into the low 20s appear to be likely in the next twelve to eighteen months. This obviously will prevent rental rates from moving significantly above the $18 - $19 effective rate that currently prevails in the Atlanta marketplace.

According to surveys by Rubloff, Atlanta's office markets showed strong absorption in the third quarter. As a result of 1.3 million feet being absorbed, vacancy rates fell to 18.2% citywide. Downtown vacancies were at 16% and holding, while vacancies in the Midtown area fell to 17.6%. The Buckhead area continues to have difficulty in vacancies with more than 23% vacant. Peachtree Corners also has a very high 32.8% vacant but no new projects under construction. In addition, the Northeast area, with only 11% vacant, is its nearest competitor. Activity remains dramatic in the north central area where

almost 2 million square feet are under construction and the current vacancy rate is 18.6%. A nearly similar amount is being constructed in the Northwest where the vacancy rate is 18.4%. However, we continue to question the strength of the leased market space.

Almost all the transportation equipment problems are located in the Atlanta area. As a result, one would suppose that employment gains in Atlanta are trailing the state. However, such is not the case. Despite a sharp 4.3% decline in durable employment in 1988 followed by a projected further 5% decline in 1989, Atlanta's employment gains are expected to be greater than in the state. This year, employment should expand 1.3% and then grow 1.8% and finally 2.4% in the next few years. Such slow growth rates are not sufficient to absorb the population moving into Atlanta. Therefore, the unemployment rate, which was as low as 4.4% in 1987, is expected to rise to 5.9% by 1990.

Some of the reasons for better performance than in the state are stronger gains in the transportation service sector in Atlanta than statewide and also stronger gains in the service sector. Surprisingly, despite a greater concentration of brokerage services in Atlanta than elsewhere in the state, the financial services sector is performing a little bit better in Atlanta than statewide. Also, all those buildings being constructed require increased management, leading to an increase in real estate employees. Finally, the consolidation in retail activity that currently is taking place in Atlanta is restoring a reasonable balance to that sector. As a result, retail trade should be positioned to rebound again next year following this year's sluggish performance.

Even with reduced employment opportunities, earnings are growing more rapidly in Atlanta than in the remainder of Georgia. The Atlanta economy is projected to continue increasing its share of Georgia nonfarm personal income in each of the forecast years. Some of this strength is the result of significant earnings growth in wholesale trade. In addition, strength in the transportation and service sectors more than offset weakness in contract construction and manufacturing. Property income is growing strongly as a result of strong increases in interest income. Thus, personal income will grow 7% this year and next year before accelerating to nearly an 8% gain in 1990.

Despite stronger growth in personal income than statewide, taxable sales in Atlanta actually slowed to a lower gain than in the state in the second quarter, up 5.2% from the previous year. As a result, total consumption probably trailed disposable income by more than a percentage point. Even with sluggish sales, however, retail employment was growing at even a slower rate than suggested by this sales activity. Any rebound in sales later in the year or early next year would probably require a rebound in employment in the retail sector.

Fulton county continued to perform surprisingly well with sales up 5.3% from a year ago. Other metro area counties that exceeded the average for the region included Butts (11.9%), Clayton (7.6%), Fayette (6.7%), Forsyth (11.7%), Gwinnett (12.6%), and Paulding (15.3%). Several counties actually showed declines from the previous year, including Henry county while increases in DeKalb and Cobb counties were anemic.

The metro housing market definitely has shown some surprises in recent months. Single-family activity has spurted in Cherokee, as several developers have decided to aggressively develop large tracts near the Cobb county border.

Apartment activity has come to an abrupt halt in Clayton, maybe heeding pleas from this office. Activity has slowed dramatically in Cobb county, probably reflecting reduced housing activity caused by large layoffs at Lockheed. Douglas is showing renewed strength after a second-quarter pause and may continue to show modest housing expansion, even without the advent of a regional mall. Gwinnett county definitely is rebounding following lackadaisical performance earlier in the year. Even apartment activity is beginning to pick up, although one wonders who will occupy the units. On balance, however, weakness in Cobb and the apartment areas of Clayton and DeKalb have led to a significant downward revision in housing permits for the second half of the year. Nevertheless, permits will remain above potential absorption levels. This should put further downward pressures upon rents and housing values. Thus, the downtrend in the Atlanta housing market does not appear to be approaching an end at this time.

Summary of Outlook

Atlanta is experiencing adjustment problems in its transportation equipment sector and is also overbuilt in construction. In addition, consolidations in retail trade have led to minimal growth in that sector as well. Sluggishness in the Atlanta economy has surprised the Atlanta consumer, leading to unusual cautiousness. While savings rates probably have risen more than a percentage point in the past year, taxable sales have eased sharply. Indeed, retail activity probably is expanding less than 2% after adjustment for inflation. Because new square footage of retail space is growing faster than that, most existing retail outlets in the Atlanta area probably are experiencing real volume declines from the previous year.

Further downward adjustments almost certainly are necessary in construction, especially in the housing market, as reduced employment opportunities slow population and, therefore, housing absorption. A topheavy housing market may persist in the Atlanta economy through 1990.

Despite these obvious slowing factors in the Atlanta economy, sufficient strength persists in machinery, printing, transportation services, and health services to insure continued employment growth during the next two years. Job growth will be surprisingly poor in comparison to recent years. For example, gains of only 18,100 jobs in 1988, 25,300 jobs in 1989, and 33,900 jobs in 1990 are currently projected. Clearly, this growth performance falls well below previously targeted amounts. Nevertheless, some necessary adjustments are taking place in the Atlanta economy without sufficient instability in the overall economy to threaten a recession. If a recession surfaces nationwide by 1990, as expected, the Atlanta economy will have already ended its adjustment process and should shake off national weakness.

Therefore, the outlook is not one of despair for the Atlanta economy, but it is one of much slower growth than has been experienced earlier in this decade.

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Table 1

Georgia Wage & Salary Employment for 1987 with Forecasts for 1988 through 1990
(Thousands)

Industry	1987	1988	1989	1990	86-87	87-88	88-89	89-90
1. Mining	8.4	8.5	8.5	8.6	1.6	1.2	0.0	1.2
2. Construction	151.5	147.6	142.9	142.6	-0.3	-2.6	-3.2	-0.2
3. Manufacturing	569.4	567.1	561.1	559.2	0.8	-0.4	-1.1	-0.3
Durables	222.0	217.8	213.3	213.0	-0.4	-1.9	-2.1	-0.1
Lumber	33.7	33.5	32.8	32.7	-4.3	-0.6	-2.1	-0.3
Furniture	12.0	11.8	11.8	11.4	1.4	-1.7	0.0	-3.4
Stone, Clay, Glass	20.6	20.1	19.6	19.4	-0.4	-2.4	-2.5	-1.0
Primary Metals	16.2	16.2	16.1	15.7	0.1	0.0	-0.6	-2.5
Fabricated Metals	20.8	20.5	20.8	20.5	0.1	-1.4	1.5	-1.4
Nonelectrical Machinery	26.2	27.7	28.3	28.4	2.2	5.7	2.2	0.4
Electrical Machinery	29.5	29.7	30.1	30.3	0.3	0.7	1.4	0.7
Transportation Equipment	50.6	46.1	41.5	42.4	-0.8	-8.9	-10.0	2.2
Other Durables	12.3	12.2	12.3	12.2	1.3	-0.8	0.8	-0.8
Nondurables	347.4	349.3	347.8	346.2	1.5	0.5	-0.4	-0.5
Food	60.8	61.5	61.6	62.3	0.3	1.2	0.2	1.1
Textiles	107.2	108.2	106.8	105.2	4.1	0.9	-1.3	-1.5
Apparel	67.8	66.4	65.3	64.7	-1.7	-2.1	-1.7	-0.9
Paper	31.2	31.3	31.5	31.0	1.2	0.3	0.6	-1.6
Printing	37.1	38.3	38.9	39.3	2.9	3.2	1.6	1.0
Chemicals	19.2	19.5	19.8	20.1	-0.6	1.6	1.5	1.5
Leather	1.6	1.7	1.7	1.7	-1.1	3.6	3.6	0.0
Other Nondurables	22.5	22.4	22.2	21.9	3.2	-0.4	-0.9	-1.4
4. Transportation, Comm. & Utilities	174.6	177.1	179.3	181.4	3.8	1.4	1.2	1.2
5. Trade	692.2	697.4	713.3	728.0	3.7	0.8	2.3	2.1
Wholesale	200.1	200.3	203.1	205.4	2.2	0.1	1.4	1.1
Retail	492.1	497.1	510.2	522.6	4.3	1.0	2.6	2.4
6. Finance, Ins. & Real Estate	155.1	156.5	158.1	161.4	6.2	0.9	1.0	2.1
7. Services	536.0	551.7	567.3	588.2	6.5	2.9	2.8	3.7
8. Government	476.1	487.4	498.3	507.9	3.0	2.4	2.2	1.9
Federal	99.3	98.7	99.0	99.4	2.5	-0.6	0.3	0.4
State	111.3	113.4	115.5	116.5	3.3	1.9	1.9	0.9
Local	265.4	275.3	283.8	292.0	3.0	3.7	3.1	2.9
Total Wage & Salary Employment	2763.2	2793.3	2828.8	2877.3	3.4	1.1	1.3	1.7
Unemployment Rate	5.3	6.0	6.6	6.8	-10.2	13.2	10.0	3.0

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Table 2

Georgia Personal Income for 1987 with Forecasts for 1988 through 1990
(Millions of Dollars)

	1987	1988	1989	1990	86-87	87-88	88-89	89-90
Labor & Proprietors' Income:								
1. Wage & Salary Income	57737	61188	64991	70014	8.8	6.0	6.2	7.7
2. Other Labor Income	5227	5344	5627	5864	7.9	2.2	5.3	4.2
3. Proprietors' Income	6742	7208	7475	7866	9.5	6.9	3.7	5.2
Farm	1079	1189	1047	1123	12.3	10.2	-11.9	7.3
Nonfarm	5663	6019	6428	6743	9.0	6.3	6.8	4.9
Labor & Proprietors' Income:								
1. Farm	1230	1348	1217	1306	11.4	9.6	-9.7	7.3
2. Mining	271	294	308	329	20.3	8.5	4.8	6.8
3. Contract Construction	4569	4547	4556	4728	1.7	-0.5	0.2	3.8
4. Manufacturing	13791	13854	14281	14885	6.0	0.5	3.1	4.2
Durables	6107	6112	6225	6465	5.1	0.1	1.8	3.9
Nondurables	7683	7742	8056	8420	6.8	0.8	4.1	4.5
5. Transportation & Utilities	6265	6724	7182	7702	8.6	7.3	6.8	7.2
6. Trade	13343	14510	15507	16611	8.2	8.7	6.9	7.1
Wholesale	6232	6923	7370	7901	7.5	11.1	6.5	7.2
Retail	7111	7587	8137	8710	8.7	6.7	7.2	7.0
7. Finance, Ins. & Real Estate	4591	4894	5216	5645	11.5	6.6	6.6	8.2
8. Services	13942	15140	16503	18223	13.9	8.6	9.0	10.4
9. Other Industries	264	284	305	330	11.4	7.6	7.3	8.2
10. Government	11443	12145	13018	13985	8.6	6.1	7.2	7.4
Federal Civilian	2627	2740	2872	3028	5.8	4.3	4.8	5.4
Federal Military	1626	1743	1881	2037	8.4	7.2	7.9	8.3
State & Local	7191	7662	8265	8920	9.7	6.5	7.9	7.9
Plus:								
Property Income	12064	13146	14158	15291	7.9	9.0	7.7	8.0
State U.I. Benefits	232	214	259	282	2.8	-7.8	21.0	8.9
Other Transfers	11154	12090	12852	13726	6.5	8.4	6.3	6.8
Residence Adjustment	-204	-196	-189	-190	5.0	-3.9	-3.6	0.5
Less: Social Ins. Contributions	3975	4420	4728	5193	7.8	11.2	7.0	9.8
Equals: Total Personal Income	88977	94574	100445	107660	8.4	6.3	6.2	7.2
Nonfarm Personal Income	87748	93226	99228	106354	8.4	6.2	6.4	7.2
% of U.S. Nonfarm	2.36	2.34	2.33	2.36	---	---	---	---
Population	6222	6323	6417	6505	2.00	1.63	1.48	1.37

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Table 3 Atlanta MSA Wage and Salary Employment for 1987 with Forecasts for 1988 through 1990
(Thousands)

Industry	1987	1988	1989	1990	86-87	87-88	88-89	89-90
1. Mining	1.4	1.4	1.5	1.5	7.7	0.0	3.6	3.4
2. Contract Construction	72.9	70.3	68.4	68.5	-1.5	-3.6	-2.7	0.1
3. Manufacturing	187.9	184.6	179.7	180.8	-1.7	-1.8	-2.7	0.6
Durables	97.2	93.0	88.1	88.5	-3.2	-4.3	-5.3	0.5
Lumber	5.1	4.8	4.5	4.4	0.7	-5.9	-6.3	-2.2
Furniture	4.2	4.2	4.2	4.1	-5.1	-0.3	0.0	-2.4
Stone, Clay, Glass	9.4	8.9	8.7	8.7	-4.3	-5.5	-2.2	0.0
Primary Metals	6.9	6.9	7.1	7.2	-1.1	-0.7	2.9	1.4
Fabricated Metals	9.6	9.8	10.1	10.3	0.4	2.2	3.1	2.0
Nonelectrical Machinery	10.4	11.1	11.5	11.7	-1.2	6.6	3.6	1.7
Electrical Machinery	14.7	14.5	14.2	14.4	-5.3	-1.2	-2.1	1.4
Transportation Equipment	31.4	27.3	22.2	22.0	-4.7	-12.9	-18.7	-0.9
Other Durables	5.6	5.5	5.6	5.7	-1.6	-1.0	1.8	1.8
Nondurables	90.8	91.6	91.6	92.3	0.0	0.9	0.0	0.8
Food	21.3	21.4	21.4	21.8	-3.3	0.7	0.0	1.9
Textiles	7.4	7.6	7.8	7.8	3.9	3.2	2.6	0.0
Apparel	11.6	11.3	11.0	10.9	-5.6	-2.8	-2.7	-0.9
Paper	9.2	9.4	9.3	9.3	3.6	2.0	-1.1	0.0
Printing	22.7	23.0	23.2	23.3	1.1	1.5	0.9	0.4
Chemicals	9.2	9.4	9.4	9.5	-1.1	1.8	0.0	1.1
Other Nondurables	9.4	9.5	9.5	9.7	8.5	1.5	0.0	2.1
4. Transportation, Comm. & Utilities	114.9	119.3	122.0	124.8	5.1	3.8	2.3	2.3
5. Trade	378.5	380.8	389.8	399.6	3.3	0.6	2.4	2.5
Wholesale	131.0	131.5	132.9	134.5	2.1	0.4	1.1	1.2
Retail	247.5	249.3	256.9	265.1	4.0	0.7	3.0	3.2
6. Finance, Ins. and Real Estate	98.1	99.4	101.9	104.7	5.1	1.3	2.5	2.7
7. Services	319.8	329.1	340.8	352.3	5.6	2.9	3.6	3.4
8. Government	194.1	200.7	206.8	212.6	4.6	3.4	3.0	2.8
Federal	42.1	42.9	43.6	44.3	5.7	1.9	1.6	1.6
State	38.9	40.6	41.9	43.2	5.4	4.4	3.2	3.1
Local	113.0	117.2	121.3	125.1	4.0	3.7	3.5	3.1
Total Wage & Salary Employment	1367.5	1385.6	1410.9	1444.8	3.3	1.3	1.8	2.4
Unemployment Rate	4.4	5.1	5.6	5.9	-2.2	15.9	9.8	5.4

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Table 4 Atlanta MSA Personal Income for 1987 with Forecasts for 1988 through 1990
(Millions of Dollars)

	1987	1988	1989	1990	86-87	87-88	88-89	89-90
Labor & Proprietors' Income:								
1. Wage & Salary Income	32617	34874	37278	40437	8.5	6.9	6.9	8.5
2. Other Labor Income	3061	3137	3291	3436	7.7	2.5	4.9	4.4
3. Proprietors' Income	2996	3203	3408	3586	9.4	6.9	6.4	5.2
Farm	150	167	159	165	3.4	11.3	-4.8	3.8
Nonfarm	2846	3036	3249	3421	9.7	6.7	7.0	5.3
Labor & Proprietors' Income:								
1. Farm	162	180	173	180	4.5	11.1	-3.9	4.0
2. Contract Construction	2495	2459	2476	2577	0.5	-1.5	0.7	4.1
3. Manufacturing	5505	5466	5530	5811	3.6	-0.7	1.2	5.1
Durables	3152	3084	3041	3178	2.3	-2.2	-1.4	4.5
Nondurables	2353	2382	2489	2633	5.3	1.2	4.5	5.8
4. Transportation & Utilities	4442	4873	5258	5694	9.9	9.7	7.9	8.3
5. Trade	8958	9778	10443	11230	7.8	9.2	6.8	7.5
Wholesale	4935	5498	5838	6265	7.4	11.4	6.2	7.3
Retail	4023	4280	4605	4965	8.4	6.4	7.6	7.8
6. Finance, Ins. & Real Estate	3372	3608	3900	4243	10.4	7.0	8.1	8.8
7. Services	8776	9530	10464	11521	13.0	8.6	9.8	10.1
8. Other Industries	230	246	263	282	9.6	6.8	6.9	7.5
9. Government	4734	5074	5470	5921	10.1	7.2	7.8	8.2
Federal Civilian	1225	1308	1388	1480	9.0	6.8	6.1	6.6
Federal Military	278	296	314	334	5.6	6.5	6.1	6.3
State & Local	3231	3470	3768	4107	10.9	7.4	8.6	9.0
Plus:								
Property Income	6080	6646	7171	7744	8.4	9.3	7.9	8.0
Transfer Payments	3949	4253	4534	4860	6.1	7.7	6.6	7.2
Residence Adjustment	-921	-889	-820	-841	2.9	-3.6	-8.4	2.6
Less: Social Ins. Contributions	2233	2505	2697	2982	8.7	12.2	7.7	10.6
Equals: Total Personal Income	45549	48719	52165	56240	8.4	7.0	7.1	7.8
Nonfarm Personal Income	45387	48539	51992	56060	8.4	6.9	7.1	7.8
% of Georgia Nonfarm	51.72	52.07	52.40	52.71	---	---	---	---
Population (#,Thousands)	2657	2728	2791	2850	3.41	2.66	2.33	2.10

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Table 5

Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	87-3	87-4	88-1	88-2(r)	88-3(p)	Sep(p)	87-3	87-4	88-1	88-2(r)	88-3(p)	Sep(p)
Total	2773.4	2785.8	2798.8	2785.8	2792.7	2788.8	1371.2	1376.5	1390.8	1384.7	1384.7	1382.6
Mining	8.3	8.3	8.4	8.5	8.5	8.5	1.4	1.4	1.4	1.4	1.4	1.4
Contract Construction	150.8	154.2	152.3	148.5	146.7	144.2	72.5	73.4	71.7	70.6	70.2	68.9
Manufacturing	570.6	573.2	574.9	569.0	564.1	560.5	187.5	187.9	190.5	187.6	182.5	178.6
Durables	222.1	222.7	224.0	219.9	215.5	212.2	96.7	96.6	98.1	95.2	91.2	87.9
Lumber	33.6	33.6	33.9	34.0	33.2	33.0	5.0	5.2	5.1	5.0	4.7	4.6
Furniture	12.1	12.1	12.0	11.7	11.8	11.9	4.2	4.3	4.3	4.1	4.2	4.2
Stone, Clay, Glass	20.4	20.5	20.6	20.2	19.9	19.7	9.3	9.1	9.2	8.9	8.7	8.7
Primary Metals	16.1	16.1	16.4	16.1	16.3	16.1	6.7	6.6	6.7	6.8	6.9	6.9
Fabricated Metals	20.8	20.7	20.8	20.5	20.4	20.4	9.5	9.6	9.9	9.8	9.8	9.8
Nonelectrical Machinery	26.5	27.1	27.6	27.9	27.7	27.7	10.6	10.7	11.1	11.1	11.2	11.1
Electrical Machinery	29.7	29.4	29.7	29.7	29.7	29.6	14.7	14.4	14.7	14.8	14.4	14.2
Transportation Equipment	50.5	51.0	50.7	47.8	44.4	41.6	31.2	31.1	31.6	29.3	25.7	22.8
Other Durables	12.4	12.2	12.5	12.1	12.2	12.2	5.6	5.6	5.7	5.5	5.5	5.5
Nondurables	348.5	350.5	350.9	349.1	348.6	348.3	90.8	91.2	92.4	92.3	91.3	90.7
Food	60.9	61.3	61.8	61.3	61.3	61.6	21.2	21.2	21.7	21.7	21.3	21.2
Textiles	108.1	108.0	108.2	107.9	108.7	108.3	7.4	7.5	7.6	7.6	7.7	7.7
Apparel	67.8	67.8	67.4	66.7	65.8	65.6	11.6	11.4	11.6	11.4	11.1	11.0
Paper	30.7	31.9	31.8	31.3	31.0	31.2	9.3	9.3	9.5	9.5	9.3	9.3
Printing	37.3	37.9	38.2	38.4	38.3	38.4	22.7	23.0	23.0	23.2	23.1	22.9
Chemicals	19.4	19.5	19.5	19.3	19.6	19.4	9.3	9.4	9.4	9.4	9.3	9.3
Leather	1.7	1.6	1.6	1.6	1.7	1.7	---	---	---	---	---	---
Other Nondurables	22.7	22.6	22.5	22.5	22.4	22.2	9.4	9.4	9.7	9.6	9.5	9.3
Transportation, Comm. & Util.	175.0	176.1	176.4	177.3	177.0	177.5	115.8	116.6	117.7	119.6	119.7	119.9
Trade	694.6	692.5	699.8	693.4	697.1	698.4	378.7	378.2	382.1	378.2	380.6	381.9
Wholesale	199.4	200.3	200.6	200.2	200.3	200.4	130.4	131.4	131.8	130.8	131.3	132.0
Retail	495.2	492.2	499.2	493.2	496.9	498.0	248.4	246.8	250.3	247.4	249.4	250.0
Finance, Ins. & Real Estate	156.2	156.7	157.3	156.1	156.2	156.6	98.8	98.9	99.5	99.3	99.4	99.4
Services	538.0	546.5	545.4	548.5	553.5	555.3	321.6	324.2	328.3	327.1	330.1	331.1
Government	479.9	478.3	484.3	484.7	489.5	488.0	194.9	195.9	199.8	201.0	200.7	201.3
Federal	99.6	100.2	99.9	98.2	98.2	98.5	42.5	43.1	42.9	42.7	42.9	43.0
State and Local	380.4	378.2	384.5	386.5	391.3	389.5	152.4	152.8	156.8	158.3	157.8	158.3
State	111.4	112.4	113.5	112.8	113.5	113.7	38.6	39.6	40.6	40.4	40.6	40.8
Local	268.9	265.8	270.9	273.7	277.7	275.8	113.9	113.2	116.2	117.9	117.3	117.5

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Table 6 Metro Atlanta Housing Permits for 1986 through 1987 with Forecasts through 1990

	1986		1987		1988		1989		1990	
County	single	multi	single	multi	single	multi	single	multi	single	multi
Barrow	--	--	147	0	290	10	260	10	290	10
Butts	64	0	97	0	110	10	100	10	110	10
Cherokee	2450	265	1878	72	1700	20	1850	20	1660	50
Clayton	1559	1832	1456	1832	1460	1070	1490	1050	1400	960
Cobb	5875	3922	5686	3123	4130	1200	3550	650	3160	690
Coweta	--	--	870	0	830	60	780	30	750	20
DeKalb	3265	3647	2972	3034	2930	3240	2740	3000	2560	2760
Douglas	779	202	988	303	900	700	810	430	780	500
Fayette	802	0	767	0	1075	100	1250	100	1340	120
Forsyth	782	120	735	36	730	10	700	10	720	20
Fulton	3416	4355	3776	3026	3540	2880	3010	2650	2850	2500
Gwinnett	5728	4062	5520	347	4780	1210	4650	1250	4730	1510
Henry	1322	164	1464	134	1350	140	1270	120	1200	150
Newton	373	62	526	0	450	0	430	0	440	0
Paulding	882	6	1090	0	850	0	760	0	740	0
Rockdale	1075	298	986	155	760	130	720	140	770	260
Spalding	--	--	611	24	300	300	305	30	420	40
Walton	343	0	483	0	520	70	510	60	630	100
Total	28715	18935	30052	12086	26705	11150	25185	9760	24550	9700
% Change From Previous Year	+8.5	+7.2	+4.7	-36.2	-11.1	-7.7	-5.7	-12.5	-2.5	-0.6
% Change in Total (single + multi)	+7.9		-11.6		-10.2		-7.7		-2.0	
Estimated Potential Absorption (000)	50.4		48.5		35.5		31.5		29.5	

Source: Homebuilders Association of Metro Atlanta

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Table 7

Atlanta Employment in 1993

	1987	1993	% Change	Annual Rate	Previous Annual Rate
Mining	1.4	1.6	14.3	2.3	4.9
Construction	72.9	75.5	3.5	0.6	2.6
Manufacturing	187.9	194.0	3.2	0.5	1.2
Durables:	97.2	97.9	0.7	0.1	1.1
Lumber	5.1	4.7	-7.8	-1.4	1.0
Furniture	4.2	4.4	4.8	0.8	1.4
Stone, Clay, Glass	9.4	9.2	-2.1	-0.4	1.0
Primary Metals	6.9	7.6	10.1	1.6	2.2
Fabricated Metals	9.6	11.0	14.6	2.3	1.1
Nonelectrical Machinery	10.4	14.3	37.5	5.5	4.6
Electrical Machinery	14.7	16.4	11.6	1.8	2.3
Transportation Equipment	31.4	24.1	-23.2	-4.3	-1.1
Other Durables	5.6	6.2	10.7	1.7	0.9
Nondurables:	90.8	96.1	5.8	0.9	1.3
Food	21.3	23.0	8.0	1.3	1.0
Textiles	7.4	8.2	10.8	1.7	1.6
Apparel	11.6	10.5	-9.5	-1.6	-2.1
Paper	9.2	9.8	6.5	1.1	2.8
Printing	22.7	24.2	6.6	1.1	2.4
Chemicals	9.2	10.1	9.8	1.6	1.3
Other Nondurables	9.4	10.3	9.6	1.5	1.4
Transportation, Comm. & Utilities	114.9	135.3	17.8	2.8	2.1
Trade:	378.5	442.5	16.9	2.6	3.8
Wholesale	131.0	141.2	7.8	1.3	2.9
Retail	247.5	301.3	21.7	3.3	4.3
Finance, Ins. & Real Estate	98.1	115.8	18.0	2.8	3.4
Services	319.8	407.6	27.5	4.1	5.4
Government:	194.1	240.1	23.7	3.6	2.9
Federal	42.1	49.2	16.9	2.6	2.7
State	38.9	48.3	24.2	3.7	2.7
Local	113.0	142.6	26.2	4.0	3.1
Total Wage & Salary	1367.5	1612.4	17.9	2.8	3.5
Population	2657	3081	16.0	2.50	3.14

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Table 8 Atlanta Personal Income in 1993

	1987	1993	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	32617	54013	65.6	8.8	9.0
2. Other Labor Income	3061	3972	29.8	4.4	6.4
3. Proprietors' Income:	2996	4347	45.1	6.4	8.6
Farm	150	171	14.0	2.2	5.0
Nonfarm	2846	4176	46.7	6.6	8.7
Labor & Proprietors' Income:					
1. Farm	162	189	16.7	2.6	5.0
2. Contract Construction	2495	3288	31.8	4.7	6.3
3. Manufacturing:	5505	7367	33.8	5.0	6.3
Durables	3152	4187	32.8	4.8	6.2
Nondurables	2353	3180	35.1	5.1	6.5
4. Transportation, Comm. & Utilities	4442	7346	65.4	8.7	7.3
5. Trade:	8958	14373	60.4	8.2	8.7
Wholesale	4935	7827	58.6	8.0	8.5
Retail	4023	6546	62.7	8.5	9.0
6. Finance, Insurance & Real Estate	3372	5631	67.0	8.9	10.5
7. Services	8776	15995	82.3	10.5	11.4
8. Other Industries	230	355	54.3	7.5	9.8
9. Government:	4734	7788	64.5	8.7	8.4
Federal Civilian	1225	1890	54.3	7.5	7.9
Federal Military	278	401	44.2	6.3	4.0
State & Local	3231	5497	70.1	9.3	9.0
Plus:					
Property Income	6080	10046	65.2	8.7	7.6
Transfer Payments	3949	6033	52.8	7.3	6.8
Residence Adjustment	-921	-915	----	---	---
Less: Social Ins. Contributions	2233	4222	89.1	11.2	11.8
Equals: Total Personal Income	45549	73274	60.9	8.2	8.5
Real Personal Income**	38765	45768	18.1	2.8	3.0
Atlanta CPI (1982-84=100)	117.5	160.1	36.3	5.3	5.3

** Assuming CPI rises 5.0% per year, adjusted to reflect difference from national purchasing power, and to eliminate CPI bias.

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COLLEGE OF BUSINESS ADMINISTRATION

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ECONOMIC FORECASTING CENTER

GEORGIA ECONOMY OVERCOMING MID-YEAR SLUMP

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Summary

Both seasonally adjusted estimates of payroll employment and the coincident indicators for Georgia suggest that Georgia experienced a pause in economic activity late in spring and early summer. More recent information, however, shows that growth resumed in the fall.

These observations are clouded by actual and expected revisions in important data. For example, preliminary population growth estimates for July 1, 1988 show a substantial acceleration from 2.08% in 1987 to 2.78% in 1988. This population surge suggests that a substantial upward revision will occur in payroll employment estimates when the annual benchmark adjustments are completed. For example, Georgia payroll estimates show only a 24,000 increase in Georgia jobs during 1988. However, household estimates of employment and labor force for Georgia, from which the unemployment statistics are derived, show gains of more than 138,000. Early estimates of the benchmark revisions suggest that payroll employment for the state could be revised upward by as much as 3 percentage points.

Also, personal income in Georgia rebounded sharply in the second quarter following an unexpected dip during the winter. With these revisions, it appears that nonfarm personal income in Georgia will increase more than in the nation during 1988.

Also, the coincident indicators suggest that Georgia's gross state product expanded 4.3% after adjustment for inflationary pressures during 1988. This compares with a 3.8% gain for the United States. The net result of all these adjustments is a Georgia economy that has not slowed as dramatically as originally anticipated.

However, the state clearly has a budgetary problem as a result of sluggish revenue growth. During the first six months of the current fiscal year, revenues are up only 6.6%. Because of special conditions that bolstered returns early in the year, it is conceivable that collections may grow only 6% from previous year levels for this fiscal year. Sales tax receipts have been especially sluggish, suggesting that weakness in retail activity may be behind all the store closings and consolidations that have been announced in Georgia in recent weeks. Current estimates, based upon current employment conditions, suggest that gross state product in Georgia will grow 3% in 1989 before slowing slightly to a 2.5% 3% gain in 1990. This compares with 3% estimated gains for the U.S. in 1989 followed by near-recessionary U.S. performance of 1.3% in 1990. In other words, after outperforming the United States between 1980 and 1987, and then falling behind U.S. activity into 1989, Georgia once again will be poised to outperform the U.S. as the new decade begins.

Reduced construction activity by utilities and continuing consolidation in the housing and commercial development areas suggest that construction employment will fall modestly further in 1989. Transportation equipment continues to drag down manufacturing employment into 1989, but most of those jobs already were lost in the second half of 1988. Only the apparel industry continues to show substantial job erosion in Georgia at the present time. Flatness in trade employment is overdue, as Georgia never regained appropriate retail employment balance following an estimated 3 percentage point faster growth in employment than sales during 1985. Thus, the 1988 sluggishness in the retail sector appears to reflect a long-needed adjustment. Similarly, weakness in the finance group largely reflects the aftermath of the 1987 stock market crash. Improved performance in financial markets suggest that stronger employment gains should be anticipated in that sector during the next two years.

Even with adjustments continuing in construction, transportation equipment, apparel, and trade, employment gains in Georgia should be stronger in 1989 than 1988. Further improvement in employment growth is anticpated for 1990.

Fortunately, the outlook for Georgia's personal income has improved significantly as a result of a second quarter rebound in those measures. Nonfarm personal income should increase 7.7% in 1988 for the state. Gains of 7.0% and 7.5% should be anticipated in the next two years. These increases slightly exceed estimated gains for the United States.

Although the Georgia economy no longer is outpacing other states in the region, the state has overcome weakness in its construction, transportation equipment, apparel, and retail sectors without significant economic dislocations. The service economy remains vigorous, while modest employment growth in the metals and machinery sectors along with continued expansion in food processing and printing should reverse recent declines in manufacturing employment. Better than national performance once again should be expected from the Georgia economy by 1990.

Recent Conditions

Although the level of payroll employment may be revised upward significantly for 1988, estimated softness during the second quarter probably will remain. Indeed, weakness that surfaced in construction and manufacturing during that quarter has persisted through the remainder of the year. Over the past twelve months, contract construction has lost nearly 13,000 jobs. An overbuilt commercial sector, some downward adjustments in housing activity, and even a slowing in public works and construction by public utilities account for that declining trend. Commercial real estate imbalances are not expected to be corrected until late in 1989. Moreover, excessive apartment construction still is apparent in many metropolitan areas in the state.

Because of weakness in construction, the construction-related manufacturing sectors also have weakened. However, the stone, clay, glass group has begun to rebound in recent months. Most other durable manufacturing has experienced few employment changes, although some weakness has developed in electrical machinery. This may reflect the Rockwell International cutbacks that were recently announced in Atlanta. However, the major employment loss in durables has been in the transportation equipment sector. This reflects weakness in railroad activity and auto assembly, as well as a dramatic layoff at

Lockheed-Georgia. In the nondurable sector, the carpet industry continues to maintain robust activity, but other components of textiles are feeling the combined influence of weakness in the apparel industry and consolidation in textile ownership. Further weakness is expected in apparel and textiles as a result of these conditions during 1989. Food processing, paper, and printing all showed seasonally adjusted gains during the fourth quarter. Thus, once the construction and apparel-related adjustments are completed, manufacturing in Georgia should again improve.

Activity already appears to be strengthening in the trade sector following a year of virtually sideways movement. Both wholesale and retail activity rebounded significantly during the fourth quarter. Joining trade in fourth-quarter strength is transportation and the finance sector. However, real estate is easing in that group. The service sector continues to show modest growth with business services and health services continuing to lead the pack.

Following minimal growth during the summer, the Georgia coincident indicators have again revived in the fall. Virtually all the indicators again are showing strength, although automobile layoffs in December caused an increase in the value of unemployment claims, a negative contributor to the index. The largest gains currently are developing in the revenue and corporate income indicators. Indeed, Georgia's indicators grew at an annual rate of 4.4% in the fourth quarter, suggesting that gross state product may have grown more than a percentage point more rapidly than the 3.1% increase in the nonfarm economy nationwide.

Although the leading indicators do not suggest that such strong growth can continue, they too have increased significantly in recent months. Manufacturing hours have increased significantly in the past few months. In addition, favorable weather may have been a factor in causing a rebound in residential construction permits. Certainly, nonresidential construction contracts continue to fall. Indeed, those contracts after adjustment for inflation, are down 22% from the first of the year. Consumer activity, as revealed by sales tax receipts, has been mixed. After solid growth during the fall, sales taxes once again faded toward the end of the year.

Thus, the indicators suggest that modest slowing in the state's growth rate should be anticipated in the next few months. However, the state's growth has improved from a relatively sluggish summer to solid advances during the fall.

Georgia's personal income has been revised upward significantly for the second quarter. Initially, nonfarm personal income in Georgia was reported as increasing only 1.4% as compared to a 2.1% gain nationwide. Revised data show that the second quarter increase was a 2.9% gain in Georgia. In the third quarter, Georgia's nonfarm personal income trailed gains in the nation, but only by 2% versus 2.1%. More importantly, a significant rebound in Georgia's farm economy offset a significant dip in the farm economy nationwide. Indeed, farm income in Georgia will be up significantly in 1988. Of course, the biggest detractor in Georgia was in durable goods, with earnings falling 0.9% as compared to a 1.7% gain for the U.S. Most other discrepancies with the U.S. were relatively minor, although construction earnings grew 1.3% as compared to 1.8% for the nation. The sectors doing well for Georgia included retail trade (2.3% versus 2.1%), services (3.1% versus 3.0%), and government (1.6% versus 1.4%). Within government, payrolls advanced in Georgia more significantly for military and state and local activity than in the nation.

Weakness in durable manufacturing was evident in the sharp increase in state unemployment benefits provided in Georgia as compared to a slight decrease for the nation during the third quarter. Georgia income also benefited from stronger growth in property income than recorded for the United States. Despite these gains, property income and state unemployment benefits constitute a smaller portion of personal income in Georgia than they do in the United States. Although Georgia personal income is 2.39% of the nation, its military payrolls are 4.0% of the national's. Wholesale trade constitutes 3.62%, the nondurable sector remains strong at 3.58% and transportation service is 3.34% of the national total. By contrast, earnings are especially low relative to the nation in mining (0.98%), durable goods (1.65%), and services (2.15%). In addition, property income is only 1.94% of the national total in Georgia.

Georgia taxable sales continued to slow during the third quarter. Following a 5.3% year-over-year improvement during the spring, sales slowed to only a 3.9% gain in the summer. After adjustment for service expenditures, this suggests that Georgia consumption is growing only about 5%. In the comparable period, Georgia disposable income increased more than 8%. Of course, the savings rate was unusually low during the previous year. Nevertheless, this 3 percentage point increase in savings in Georgia exceeds the 2 percentage point gains recorded nationwide. This suggests that retail activity could rebound in the months ahead.

Retail trade in the South continued to grow more slowly than in the nation during the fall. For November, trade in the South Atlantic states experienced growth of 8.6% as compared to 9.2% for the nation. In Atlanta, retail trade showed a 2.9% increase in the first 11 months of 1988 as compared to 1987. Nationwide the increase was 6.6%. Department store sales are now above previous year levels by 2.1% in Atlanta. But this compares with 4.9% gains for the nation. Nevertheless, sales are showing some relative improvement in the Atlanta economy in recent months.

Despite weakness in durable goods employment, the insured unemployment rate has remained relatively stable in Georgia and Atlanta. In December, the Atlanta insured unemployment rate moved down to only 1.0% while the Georgia rate also declined slightly to 1.3%. Nationally, the insured unemployment rate has remained stagnant at 2.0% in recent months. These insured rates suggest that no significant easing in labor market pressures has developed in the Atlanta and Georgia economies.

According to the latest household estimates, unemployment in Georgia is comparable to the United States in December. However, the Georgia unemployment rate has increased by 0.2 percentage points in the past year while the national unemployment rate has fallen by 0.4 percentage points. Certainly, strong growth in the civilian labor force in Georgia is consistent with acceleration in population growth that currently is being estimated. Athens continues to have the lowest unemployment rate at 3.8%. This is down from 4.1% a year ago and is the result of more vigorous employment growth than labor force growth during that period. Unemployment rates in Atlanta have increased from 4.0% to 4.4% over the past year as the labor force grew even more significantly than employment. Again, a sharp discrepancy between the payroll and household estimates suggest that a significant upward revision will occur in Atlanta payroll estimates. Macon has been able to maintain a relatively low unemployment rate of 4.5% over the past year with the aid of significant employment gains. Augusta also has been able to reduce its unemployment rate from 5.1% to 5.0%

because of strong gains in employment. Savannah's unemployment rate currently is estimated at 5.2%, a slight improvement from the previous year. Sluggish growth in the labor force has helped Columbus lower its unemployment rates from 6.8% a year ago to 5.7% currently. However, employment gains were more significant in Albany than in Columbus, where the unemployment rate fell by more than a percentage point to 6.6% this December.

Our metropolitan indicators for many of the Georgia cities do not coincide with the more favorable results in the household employment surveys. For example, payroll gains in Augusta are less than 1000 over the past year as compared to more than 4000 as measured by household estimates. Most of the weakness has been in the transportation, trade, and finance areas. Indeed, finance has experienced the sharpest decline in payroll employment of any sector in Augusta. On the other hand, the goods producing industries continue to perform well. Increasing apartment activity has led to a rise in housing permits from the previous year during the third quarter. A spurt in taxable sales during the summer months probably will generate increasing employment in this previously declining sector later in the year. Therefore, the near-term outlook for Augusta is improving significantly.

Payroll estimates for Columbus show an actual decline from the previous year with weakness especially prevalent in construction, transportation, trade, and finance. In contrast, the service sector has performed well. Here, too, an increase in apartment activity has led to an uptick in housing permits. However, taxable sales were sluggish in the summer months, suggesting that further weakness is to be expected in the retail trade sector.

Payroll estimates for Macon show no change, with weakness in the construction and manufacturing sectors and no growth in trade. By contrast to other metropolitan areas, however, the finance sector performed well. A decline in housing permits probably is responsible for weakness in construction. In addition, taxable sales are only growing 4.2% from the previous year. This was the slowest year-over-year increase in more than two years.

Activity also was sluggish in Savannah, with declines in manufacturing, transportation and finance. However, a third-quarter decline in housing permits may lead to weakness in construction activity. Apartment construction has basically vanished in Savannah over the past few quarters. Moreover, taxable sales were unchanged from the previous year even before adjustment for inflation. Macon appears to have the most opportunities for significant growth ahead, while activity in Savannah and Columbus could weaken.

Effective mortgage rates are continuing to drift upward both nationally and in the Atlanta market. However, sharp increases in short-term rates relative to long-term rates has led to a dramatic narrowing of the effective mortgage rates for adjustable rate mortgages as compared to fixed-rate mortgages. Fixed-rate mortgages remain available at 10.5% to 10.75%. No increase is anticipated in those mortgages until the second half of this year. Then mortgages are expected to gradually move up until they approach 12% early in 1990. A drop in rates then is expected. The effective rates for loans closed show a less significant rate increase. Nationwide, effective rates have moved up 0.16% in the past year. In Atlanta, the effective rate has increased 0.21% but still remains about 0.2 percentage points below the national rate. The purchase price of new homes has increased by $14,700 nationwide in the past year. This compares to a sharp $33,700 price increase for homes in the Atlanta area. The sharp Atlanta

price increase is surprising in light of home price weakness in some of the subdivisions. However, builders continue to favor homes in excess of $250,000 despite a slight glut in the marketplace.

A surprising upward revision in population growth for Georgia in 1988 suggests that housing activity and home prices may be stronger than originally thought. Of course, new in-migrants would need to come with purchasing power in their pockets in order to exert a significant influence on the housing market. Nevertheless, the provisional population estimates show an acceleration to 2.78% from 2.08% in the previous year. As a result, Georgia showed the fifth highest population growth rate between 1985 and 1988 of all states in the union.

Revenue collections surged by 11.9% in December, but half of that was the result of a shift in the timing of estimated corporate tax payments. Excluding the timing adjustments from corporate taxes, the increase would have been less than 6%. Even with strong corporate tax gains in December, second-quarter collections were up only 6.4%. This compares with revenue gains of 6.8%, 4.8%, 9.9%, 12.3%, and 9.1% in previous quarters. With collections excluding special events growing less than 6%, revenues may grow only 6% for the current fiscal year. Stronger personal income and employment gains should lead to a rebound in revenues excluding any tax changes to slightly more than 7% next year. A gain between 7% and 7.5% in collections than would be expected for the subsequent year. However, current government programs and the continuing need to maintain quality employees in education and the government suggest that budget gains of 8% will be required over that period. As a result, the state currently has a budgetary crunch that requires either increased revenues or reduced government commitments.

Sales tax collections have increased slightly, showing a gain of 4.6% in the fall. This compares with gains of 3.3%, 4.9%, 9.9%, 5.9%, and 9.7% in previous quarters. Sales tax gains for all state and local governments was an improving 6.8%. This compares with increases of 5.1%, 7.1%, 7.5%, 6.4%, and 6.5% in previous quarters. Personal tax collections continue to show strength with a gain of 11.5% in the latest quarter. This compares with gains of 10.5%, 4.6%, 14.8%, 15.5%, and 11.0% in previous quarters. All state and local governments showed personal tax collection gains of 8.9% following unusual fluctuations of 11.7% and only 1.9% in previous quarters. In earlier quarters, increases were 9.2%, 8.2%, and 8.6%. Of course, corporate tax collections in Georgia were dramatically increased by the change in timing of estimated taxes. Thus a 32.5% surge in corporate tax collections during the quarter does not reflect conditions in the state. In previous quarters, corporate tax collections grew 11.0% and 11.5% prior to a modest 0.4% decline in the first quarter. Estimated corporate tax collections for all state and local governments rose an estimated 8.1% in the latest quarter. This compares with increases of 7.8%, 14.1%, 13.4%, and 15.9% in previous quarters. The revenue situation for Georgia looks bleak as the recent quarter showed only a 6.4% increase despite a one-time shift in corporate tax collections. Of course, improving economic conditions should increase revenues next fiscal year.

Summary of Outlook

Although table 1 shows significant declines in employment both in construction and in transportation equipment during 1989, most of these lost jobs already occurred late in 1988. The rebound in population growth during 1988 suggests that the housing correction need not be as severe as originally anticipated. However, some weakness in public utility construction, highway construction, and commercial construction all suggest that slightly further declines in construction employment will be necessary before growth can resume in that sector. That leads to further weakness in the construction-related manufacturing sectors, where employment has been declining over the past two years. The surprising weakness in electrical machinery appears to be related to a defense contractor in Atlanta and should not persist. On the other hand, weakness in the national economy probably will be reflected by slowing employment in the metals industries by the end of 1989 and in 1990. In addition, the apparel industry continues to be buffeted by foreign competition and by consolidations in the textiles industries. Mergers and acquisitions in textiles are expected to lead to further plant closings in Georgia. Projected weakness in the paper industry also is expected to reflect national conditions in 1990. In short, job loss in goods activity in Georgia probably is coming to an end, but no rebound to previous heights is expected anytime soon.

Some weakness in the communications industry as AT&T shifts from operator-assisted calls could restrain employment growth for the transportation and communications component. On the other hand, the sluggishness that developed in retail employment in 1988 was overdue. The state had been overstored for several years and is now adjusting to a more sustainable level of retail employment relative to sales. Of course, sales will need to increase, which is not yet apparent from the trade and sales tax data.

One of the more pleasant surprises could develop in the finance group. The stock market correction has restrained growth in that sector through 1988. However, most Georgia banks have performed well while the brokerage industry probably is now at a more sustainable level of employment. Any spurt in the financial markets could lead to stronger gains in that sector than currently anticipated. In addition, the service sector may have been significantly underestimated in currently available payroll estimates. If so, currently projected slowing in the service economy may not materialize.

There appears to be no intensifying excesses that would suggest any recessionary behavior in Georgia is on the horizon. The construction and retail excesses have largely been removed by restraint during the past year. Although rapid growth in the service economy probably cannot be sustained, there is no evidence that too many employees currently exist in that sector. Of course, current budgetary restraints may have a greater slowing upon government employment than currently projected. Nevertheless, sluggish growth in 1988 probably was the low point of this current correction for Georgia.

Georgia's farm economy performed better than nationwide in 1988 and may, therefore, suffer a relative correction in 1989. Certainly, poultry prices cannot continue to be as favorable for that industry as in the past. Weakness in construction earnings along with only modest gains in manufacturing payrolls may restrain the growth in Georgia personal income during 1989. However, the economy already should be experiencing an income rebound by 1990. This is anticipated despite projected slowing in growth of property income.

Nevertheless, the slight employment correction in 1988 probably will lead to higher unemployment rates and more modest wage gains than have been experienced in the nation. This should subsequently slow population migration into Georgia. By 1990, population gains should be slightly less than 2%.

The overall outlook for Georgia is one of modest rebound from a relatively sluggish condition in the middle of 1988. Most of the correction already has been completed in the construction industry and the slump in retail activity in 1988 is leading to a more sustainable level of employment activity in retail trade for the 1990s. The sluggish 1988 soon should give way to stronger growth rates in 1989 and 1990. Even a possible national recession in 1990 does not appear to pose a significant threat to economic growth in the state.

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ATLANTA ECONOMY REBOUNDING FROM SECOND-QUARTER DIP

Recent Conditions and Outlook

The employment picture for the Atlanta economy is much the same as for Georgia in recent quarters. Activity slowed during the second quarter and then gradually rebounded in the past two quarters. However, the gain of 8000 jobs in the past two quarters was accomplished despite a loss of nearly 8000 jobs in the transportation equipment area. In addition, construction has been sluggish. Thus, the service economy continues to show considerable strength in the Atlanta area. Moreover, preliminary data revisions suggest that employment gains in Atlanta were substantially understated during 1988. If this proves to be correct, then further correction in the construction sector may not be required.

Nevertheless, the Atlanta metropolitan area has suffered several significant employment weakening blows in recent months. Lockheed-Georgia laid off 8500 workers; Rockwell International laid off several hundred workers; the retail sector in Atlanta is in turmoil with cutbacks at Zayre's, Sears, Penney's, and the Branden unit of Dayton Hudson. Of course, K-Mart opened a new superstore, but the net effect of the retail consolidations has been significant slowing in employment growth in that sector.

On the other hand, the service sector showed renewed vigor in the second half of 1988 while the financial sector also began to show new life. Transportation activity continued to expand significantly in metropolitan Atlanta and the construction industry apparently began feeling for a bottom.

Because of increased estimates of population growth for the state, it appears that the Atlanta metropolitan area also has benefited. As a result, estimates of potential absorption of housing units during the next few years have increased. 1988 permits, at more than 39,000, probably will prove to be excessive in the next two years. A correction downward to 34,000 or 35,000 will prove to be appropriate. This still leaves Atlanta with too many apartment structures and with too many highpriced houses, but the growth of households appears to be almost as rapid as the growth of housing in Atlanta at the present time.

Some of the most significant slowing in housing activity has occurred in Cobb County as a result of weakness in employment by their number one employer.

Moreover, excessive apartment building in previous years is significantly restraining apartment development at this time. Portions of DeKalb and North Fulton also are being impacted by the slower employment growth in the northern suburbs. However, apartment developments are not expected to slow as significantly in those counties. On the other hand, the sluggish activity that was required in Gwinnett following a serious bout of overbuilding in 1986 may be drawing to an end. A rebound in both single-family and apartment activity is anticipated during the next two years. Some of the strongest gains in housing activity are expected in Cherokee, where significant new subdivisions are being planned, and in Henry County. Also, the metropolitan area is continuing to move east, as reflected by a continuing rebound in housing activity in Walton and Newton counties. The 1988 slump in Rockdale County should be coming to an end. If apartment activity is restrained as much as currently projected in 1989, the housing market in Atlanta will regain reasonable balance during the year despite significant increases in mortgage rates. High mortgage rates may prevent any significant spurt in housing activity in 1990, but the metropolitan area will then be poised to move forward again when interest rates again decline.

Strong leasing continued to dominate the Atlanta office market, causing downtown vacancies again to dip below the national average at 15%. Nationwide the average also declined slightly to 16.2%. However, the suburban vacancy rate also dipped to 17.6% in Atlanta as compared to an increase nationwide to 21.5%. Despite a fourth-quarter improvement in downtown vacancy rates, Atlanta experienced one of the largest increases in downtown vacancies, up 4.5% to 15% over the past year. Only Indianapolis with a 6.7 percentage point rise had a larger increase in vacancy rates in their downtown area. Atlanta performed well in suburban leased space, showing a 4.8 million square foot gain according to Coldwell Banker. Only Chicago, Los Angles, and Washington D.C. experienced greater absorption rates.

Unfortunately, some absorption measures leases that have been signed but are not yet effective. As a result, many law firms currently are counted twice as holding a lease in their current space and also signing a lease for space that will become available when their new space has been constructed. Sharp increases in downtown vacancy rates still are likely when some of this space adjustment develops. Rental rates in Atlanta remain under $20 per square foot for Class A space although many of the buildings currently under construction are hoping to get $26 per square foot. Obviously, the Atlanta market will not support that level of rental activity at this time. Indeed, office rental rates probably will not exceed $30 per square foot in Atlanta for the remainder of this century.

Industrial vacancies in Atlanta continued to exceed the national average during the fourth quarter, although the vacancy rate moved down slightly to 6.3%. Nationwide the vacancy rate increased slightly to 6.0%. Construction still is vigorous in the industrial area suggesting that absorption rates remain high. However, the Coldwell Banker surveys did not show Atlanta as one of the higher absorption areas for 1988.

Taxable sales in the Atlanta area continued to slow sharply to only a 3.7% gain from previous year levels in the summer months. This compared with a 3.9% gain for the state. Much of the slowing occurred in Fulton, with sales up only 2.2% from the previous year. DeKalb also showed modest gains of only 3.0%. Even Gwinnett grew only 6.7% in taxable sales. Clayton, which had been doing better, slowed its taxable sales gains to 6.6%. On the other hand, Henry County again

developed some reasonable gains in taxable sales of 5.9%. Cherokee actually experienced a surprising decline of 2.2% in its sales activity. The one standout in the metropolitan area is Fayette County with sales growth of 16.9%. Douglas also experienced near double-digit sales tax gains. These sluggish taxable sales suggest that sales activity in Atlanta probably is growing slightly less than in the state. With estimated personal income gains exceeding that of the state by nearly a percentage point, this suggests a surprisingly high 4 percentage point increase in the savings rate in Atlanta. Obviously, stronger retail activity should be anticipated sometime soon as concerns about the Atlanta economy give way to renewed consumer enthusiasm in 1989. Nevertheless, the current picture is one of sluggish sales growth for the Atlanta metropolitan area.

Summary of Oultook

Despite overbuilding in the construction sector and significant employment loss in transportation equipment and some retail trade activities, the Atlanta economy has continued to generate job growth. Although average employment in the construction and manufacturing sectors are expected to fall further in 1989, they already have reached relatively low employment levels. Therefore, some stability in goods producing jobs should lead to improving performance in trade, finance and service activities. Moreover, the federal government continues to show significant job gains in the local area. Unemployment rates almost certainly will rise because strong population gains currently exceed the existing employment opportunities. The result of these population gains may be to preserve the moderate wage cost structure of the Atlanta metropolitan area. Housing prices and wages should not be accelerating dramatically in such an environment.

Although no return to a boom economy is in store, the Atlanta economy apparently has been able to handle significant downward adjustments in employment in several sectors without seriously damaging its important transportation, finance and service activities. For those reasons, employment growth will gradually intensify through 1989 and show more substantial gains in 1990 despite projected weaknesses in the national economy.

Indeed, estimates of income growth have not slowed significantly for the Atlanta area. A modest slowing probably will be experienced in 1989 as a result of declining payrolls in durable manufacturing activity and only modest growth in the construction sector. However, the finance and service sectors should be showing double-digit earnings growth by 1990, which should continue to move Atlanta forward relative to the remainder of the state.

Our current population estimates show gradual decay in population growth in 1988 and beyond. However, the interim state population estimates strongly suggest that the Atlanta economy may have experienced stronger household formation growth than currently projected. If so, the housing absorption rates could be higher than currently indicated. Under those circumstances, housing activity would be able to rebound as soon as mortgage rates begin declining. Thus, the outlook for Atlanta is one of gradual improvement from a slight period of economic weakness in the middle of 1988. No recession appears to be in store for the Atlanta economy but neither is another boom in sight.

Georgia State University
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Table 1

Georgia Wage & Salary Employment for 1987 and 1988 with Forecasts through 1990
(Thousands)

Industry	1987	1988	1989	1990	86-87	87-88	88-89	89-90
1. Mining	8.4	8.5	8.6	8.6	1.6	1.6	1.3	0.0
2. Construction	151.5	147.2	139.7	140.8	-0.3	-2.8	-5.1	0.8
3. Manufacturing	569.4	568.0	561.3	561.4	0.8	-0.2	-1.2	0.0
Durables	222.0	218.8	212.2	212.8	-0.4	-1.5	-3.0	0.3
Lumber	33.7	33.5	32.9	32.9	-4.3	-0.5	-1.8	0.0
Furniture	12.0	11.8	11.8	11.7	1.4	-1.1	0.0	-0.8
Stone, Clay, Glass	20.6	20.1	19.8	19.6	-0.4	-2.5	-1.5	-1.0
Primary Metals	16.2	16.2	16.3	16.1	0.1	0.1	0.6	-1.2
Fabricated Metals	20.8	20.6	20.8	20.7	0.1	-0.8	1.0	-0.5
Nonelectrical Machinery	26.2	27.6	27.9	28.2	2.2	5.4	1.1	1.1
Electrical Machinery	29.5	29.6	29.0	29.1	0.3	0.1	-2.0	0.3
Transportation Equipment	50.6	46.9	41.3	42.0	-0.8	-7.3	-11.9	1.7
Other Durables	12.3	12.3	12.4	12.5	1.3	-0.2	0.8	0.8
Nondurables	347.4	349.3	349.1	348.6	1.5	0.5	-0.1	-0.1
Food	60.8	61.4	62.1	62.6	0.3	1.0	1.1	0.8
Textiles	107.2	108.2	107.7	106.1	4.1	0.9	-0.5	-1.5
Apparel	67.8	66.3	64.5	64.0	-1.7	-2.3	-2.7	-0.8
Paper	31.2	31.4	31.6	31.4	1.2	0.8	0.6	-0.6
Printing	37.1	38.4	38.8	39.5	2.9	3.3	1.0	1.8
Chemicals	19.2	19.5	19.9	20.2	-0.6	1.3	2.1	1.5
Leather	1.6	1.6	1.7	1.7	-1.1	5.3	3.7	0.0
Other Nondurables	22.5	22.5	22.8	23.1	3.2	0.0	1.3	1.3
4. Transportation, Comm. & Utilities	174.6	177.1	179.6	182.1	3.8	1.4	1.4	1.4
5. Trade	692.2	698.6	714.0	728.5	3.7	0.9	2.2	2.0
Wholesale	200.1	200.9	204.5	206.4	2.2	0.4	1.8	0.9
Retail	492.1	497.6	509.5	522.1	4.3	1.1	2.4	2.5
6. Finance, Ins. & Real Estate	155.1	157.0	160.1	164.5	6.2	1.2	2.0	2.7
7. Services	536.0	552.5	573.4	592.6	6.5	3.1	3.8	3.3
8. Government	476.0	487.6	497.9	505.2	3.0	2.4	2.1	1.5
Federal	99.3	99.2	101.5	101.8	2.5	-0.1	2.3	0.3
State	111.3	114.1	116.3	117.1	3.3	2.5	1.9	0.7
Local	265.4	274.4	280.1	286.3	3.0	3.4	2.1	2.2
Total Wage & Salary Employment	2763.2	2796.6	2834.6	2883.7	3.4	1.2	1.4	1.7
Unemployment Rate	5.5	5.9	6.2	6.3	-6.8	7.3	5.1	1.6

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Table 2

Georgia Personal Income for 1987 with Forecasts for 1988 through 1990
(Millions of Dollars)

	1987	1988	1989	1990	86-87	87-88	88-89	89-90
Labor & Proprietors' Income:								
1. Wage & Salary Income	57737	62294	66351	71617	8.8	7.9	6.5	7.9
2. Other Labor Income	5227	5472	5800	6154	7.9	4.7	6.0	6.1
3. Proprietors' Income	6742	7278	7615	7945	9.5	8.0	4.6	4.3
Farm	1079	1241	1161	1220	12.3	15.0	-6.4	5.1
Nonfarm	5663	6037	6454	6725	9.0	6.6	6.9	4.2
Labor & Proprietors' Income:								
1. Farm	1230	1400	1328	1395	11.4	13.8	-5.1	5.0
2. Mining	271	292	312	330	20.3	7.9	6.8	5.9
3. Contract Construction	4569	4643	4583	4850	1.7	1.6	-1.3	5.8
4. Manufacturing	13791	14159	14436	15056	6.0	2.7	2.0	4.3
Durables	6107	6263	6347	6696	5.1	2.6	1.3	5.5
Nondurables	7683	7896	8089	8360	6.8	2.8	2.4	3.3
5. Transportation & Utilities	6265	6773	7315	7914	8.6	8.1	8.0	8.2
6. Trade	13343	14694	15864	17104	8.2	10.1	8.0	7.8
Wholesale	6232	6977	7528	8092	7.5	12.0	7.9	7.5
Retail	7111	7717	8336	9012	8.7	8.5	8.0	8.1
7. Finance, Ins. & Real Estate	4591	5102	5541	6080	11.5	11.1	8.6	9.7
8. Services	13942	15412	16987	18697	13.9	10.5	10.2	10.1
9. Other Industries	264	290	312	344	11.4	9.8	7.6	10.3
10. Government	11443	12279	13088	13946	8.6	7.3	6.6	6.6
Federal Civilian	2627	2747	2923	3049	5.8	4.6	6.4	4.3
Federal Military	1626	1728	1844	1964	8.4	6.3	6.7	6.5
State & Local	7191	7804	8321	8933	9.7	8.5	6.6	7.4
Plus:								
Property Income	12064	13352	14620	15732	7.9	10.7	9.5	7.6
State U.I. Benefits	232	214	243	270	2.8	-7.8	13.6	11.1
Other Transfers	11154	12029	12943	13992	6.5	7.8	7.6	8.1
Residence Adjustment	-204	-215	-223	-229	5.0	5.4	3.7	2.7
Less: Social Ins. Contributions	3975	4500	4877	5386	7.8	13.2	8.4	10.4
Equals: Total Personal Income	88977	95924	102472	110095	8.4	7.8	6.8	7.4
Nonfarm Personal Income	87748	94524	101144	108700	8.4	7.7	7.0	7.5
% of U.S. Nonfarm	2.36	2.37	2.39	2.41	---	---	---	---
Population	6228	6401	6532	6658	2.08	2.78	2.05	1.92

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Table 3 Atlanta MSA Wage and Salary Employment for 1987 and 1988 with Forecasts through 1990
(Thousands)

Industry	1987	1988	1989	1990	86-87	87-88	88-89	89-90
1. Mining	1.4	1.4	1.3	1.3	7.7	-1.2	-4.3	-1.5
2. Contract Construction	72.9	70.5	69.0	69.2	-1.5	-3.2	-2.1	0.3
3. Manufacturing	187.9	184.7	179.7	180.9	-1.7	-1.7	-2.7	0.7
Durables	97.2	92.8	88.0	88.6	-3.2	-4.5	-5.2	0.7
Lumber	5.1	4.8	4.4	4.3	0.7	-4.5	-8.3	-2.3
Furniture	4.2	4.2	4.2	4.1	-5.1	0.8	0.0	-2.4
Stone, Clay, Glass	9.4	8.9	9.0	8.9	-4.3	-4.7	1.1	-1.1
Primary Metals	6.9	6.8	6.8	6.8	-1.1	-0.8	0.0	0.0
Fabricated Metals	9.6	9.9	10.4	10.7	0.4	3.5	5.1	2.9
Nonelectrical Machinery	10.4	11.0	11.0	11.2	-1.2	5.6	0.0	1.8
Electrical Machinery	14.7	14.5	14.0	14.2	-5.3	-1.3	-3.4	1.4
Transportation Equipment	31.4	27.1	22.8	23.0	-4.7	-13.8	-15.9	0.9
Other Durables	5.6	5.5	5.4	5.4	-1.6	-1.2	-1.8	0.0
Nondurables	90.8	91.9	91.7	92.3	0.0	1.2	-0.2	0.7
Food	21.3	21.5	21.8	22.2	-3.3	1.4	1.4	1.8
Textiles	7.4	7.6	7.5	7.4	3.9	3.0	-1.3	-1.3
Apparel	11.6	11.2	10.7	10.5	-5.6	-3.4	-4.5	-1.9
Paper	9.2	9.4	9.6	9.7	3.6	2.6	2.1	1.0
Printing	22.7	23.1	23.0	23.1	1.1	1.8	-0.4	0.4
Chemicals	9.2	9.4	9.5	9.6	-1.1	1.9	1.1	1.1
Other Nondurables	9.4	9.6	9.6	9.8	8.5	1.9	0.5	1.8
4. Transportation, Comm. & Utilities	114.9	119.3	122.0	124.3	5.1	3.8	2.3	1.9
5. Trade	378.5	381.2	391.0	401.6	3.3	0.7	2.6	2.7
Wholesale	131.0	131.5	133.8	135.2	2.1	0.4	1.7	1.0
Retail	247.5	249.7	257.2	266.4	4.0	0.9	3.0	3.6
6. Finance, Ins. and Real Estate	98.1	99.7	102.3	105.8	5.1	1.7	2.6	3.4
7. Services	319.8	330.2	341.4	354.4	5.6	3.2	3.4	3.8
8. Government	194.1	201.4	207.8	213.9	4.6	3.7	3.2	2.9
Federal	42.1	43.1	44.7	45.1	5.7	2.2	3.7	0.9
State	38.9	40.9	42.5	44.1	5.4	5.1	3.9	3.8
Local	113.0	117.4	120.6	124.7	4.0	3.8	2.7	3.4
Total Wage & Salary Employment	1367.5	1388.3	1414.5	1451.4	3.3	1.5	1.9	2.6
Unemployment Rate	4.7	5.2	5.5	5.5	0.0	9.6	5.8	0.0

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Table 4 Atlanta MSA Personal Income for 1987 and 1988 with Forecasts through 1990
(Millions of Dollars)

	1987	1988	1989	1990	86-87	87-88	88-89	89-90
Labor & Proprietors' Income:								
1. Wage & Salary Income	32617	35504	38105	41521	8.5	8.9	7.3	9.0
2. Other Labor Income	3061	3217	3407	3622	7.7	5.1	5.9	6.3
3. Proprietors' Income	2996	3217	3425	3581	9.4	7.4	6.5	4.6
Farm	150	172	157	160	3.4	14.7	-8.7	1.9
Nonfarm	2846	3045	3268	3421	9.7	7.0	7.3	4.7
Labor & Proprietors' Income:								
1. Farm	162	185	171	175	4.5	14.2	-7.6	2.3
2. Contract Construction	2495	2525	2568	2704	0.5	1.2	1.7	5.3
3. Manufacturing	5505	5574	5602	5889	3.6	1.3	0.5	5.1
Durables	3152	3139	3111	3295	2.3	-0.4	-0.9	5.9
Nondurables	2353	2435	2491	2594	5.3	3.5	2.3	4.1
4. Transportation & Utilities	4442	4908	5345	5810	9.9	10.5	8.9	8.7
5. Trade	8958	9884	10690	11578	7.8	10.3	8.2	8.3
Wholesale	4935	5527	5958	6411	7.4	12.0	7.8	7.6
Retail	4023	4357	4732	5167	8.4	8.3	8.6	9.2
6. Finance, Ins. & Real Estate	3372	3763	4109	4537	10.4	11.6	9.2	10.4
7. Services	8776	9706	10657	11787	13.0	10.6	9.8	10.6
8. Other Industries	230	251	269	294	9.6	9.0	7.1	9.5
9. Government	4734	5142	5526	5950	10.1	8.6	7.5	7.7
Federal Civilian	1225	1309	1412	1481	9.0	6.9	7.8	4.9
Federal Military	278	295	311	327	5.6	6.0	5.4	5.2
State & Local	3231	3538	3803	4142	10.9	9.5	7.5	8.9
Plus:								
Property Income	6080	6767	7417	7951	8.4	11.3	9.6	7.2
Transfer Payments	3949	4233	4585	4961	6.1	7.2	8.3	8.2
Residence Adjustment	-921	-937	-932	-940	2.9	1.7	-0.5	0.9
Less: Social Ins. Contributions	2233	2550	2785	3105	8.7	14.2	9.2	11.5
Equals: Total Personal Income	45549	49451	53222	57591	8.4	8.6	7.6	8.2
Nonfarm Personal Income	45387	49266	53051	57416	8.4	8.5	7.7	8.2
% of Georgia Nonfarm	51.72	52.12	52.45	52.82	---	---	---	---
Population (#,Thousands)	2657	2739	2813	2885	3.41	3.07	2.73	2.56

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Table 5

Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	87-4	88-1	88-2	88-3(r)	88-4(p)	Dec(p)	87-4	88-1	88-2	88-3(r)	88-4(p)	Dec(p)
Total	2785.8	2798.8	2785.8	2796.5	2805.2	2811.0	1376.5	1390.8	1384.7	1385.3	1392.4	1398.9
Mining	8.3	8.4	8.5	8.6	8.5	8.5	1.4	1.4	1.4	1.4	1.3	1.3
Contract Construction	154.2	152.3	148.5	146.7	141.3	141.0	73.4	71.7	70.6	70.3	69.4	69.7
Manufacturing	573.2	574.9	569.0	566.8	561.4	559.2	187.9	190.5	187.6	182.5	178.1	178.8
Durables	222.7	224.0	219.9	218.5	212.6	211.4	96.6	98.1	95.2	91.1	86.7	87.6
Lumber	33.6	33.9	34.0	33.2	33.1	33.2	5.2	5.1	5.0	4.7	4.5	4.5
Furniture	12.1	12.0	11.7	11.8	11.8	11.8	4.3	4.3	4.1	4.2	4.3	4.2
Stone, Clay, Glass	20.5	20.6	20.2	19.9	19.8	20.0	9.1	9.2	8.9	8.8	8.9	9.1
Primary Metals	16.1	16.4	16.1	16.3	16.3	16.2	6.6	6.7	6.8	6.9	6.9	6.7
Fabricated Metals	20.7	20.8	20.5	20.4	20.7	20.6	9.6	9.9	9.8	9.8	10.1	10.1
Nonelectrical Machinery	27.1	27.6	27.9	27.5	27.6	27.4	10.7	11.1	11.1	11.1	10.8	10.8
Electrical Machinery	29.4	29.7	29.7	29.7	29.2	28.9	14.4	14.7	14.8	14.4	14.0	13.9
Transportation Equipment	51.0	50.7	47.8	47.5	41.7	41.0	31.1	31.6	29.3	25.7	21.9	22.9
Other Durables	12.2	12.5	12.1	12.1	12.4	12.3	5.6	5.7	5.5	5.5	5.5	5.4
Nondurables	350.5	350.9	349.1	348.3	348.8	347.8	91.2	92.4	92.3	91.4	91.4	91.2
Food	61.3	61.8	61.3	61.0	61.7	61.3	21.2	21.7	21.7	21.3	21.5	21.5
Textiles	108.0	108.2	107.9	108.6	108.0	108.0	7.5	7.6	7.6	7.7	7.6	7.5
Apparel	67.8	67.4	66.7	65.9	65.2	64.7	11.4	11.6	11.4	11.1	10.9	10.8
Paper	31.9	31.8	31.3	31.0	31.7	31.5	9.3	9.5	9.5	9.3	9.5	9.5
Printing	37.9	38.2	38.4	38.3	38.5	38.5	23.0	23.0	23.2	23.1	23.0	22.9
Chemicals	19.5	19.5	19.3	19.5	19.6	19.7	9.4	9.4	9.4	9.3	9.4	9.5
Leather	1.6	1.6	1.6	1.7	1.7	1.7	---	---	---	---	---	---
Other Nondurables	22.6	22.5	22.5	22.4	22.5	22.4	9.4	9.7	9.6	9.5	9.5	9.5
Transportation, Comm. & Util.	176.1	176.4	177.3	176.5	178.3	178.4	116.6	117.7	119.6	119.7	120.3	120.5
Trade	692.5	699.8	693.4	696.4	704.8	707.4	378.2	382.1	378.2	380.5	383.9	384.9
Wholesale	200.3	200.6	200.2	200.1	203.0	203.9	131.4	131.8	130.8	131.3	132.2	132.6
Retail	492.2	499.2	493.2	496.4	501.8	503.5	246.8	250.3	247.4	249.2	251.7	252.3
Finance, Ins. & Real Estate	156.7	157.3	156.1	156.2	158.5	159.1	98.9	99.5	99.3	99.5	100.6	101.1
Services	546.5	545.4	548.5	554.0	562.2	565.0	324.2	328.3	327.1	330.6	334.8	337.4
Government	478.3	484.3	484.7	491.3	490.2	492.4	195.9	199.8	201.0	200.7	203.9	205.2
Federal	100.2	99.9	98.2	98.6	100.2	101.6	43.1	42.9	42.7	42.8	43.8	44.9
State and Local	378.2	384.5	386.5	392.7	390.0	390.8	152.8	156.8	158.3	157.9	160.2	160.3
State	112.4	113.5	112.8	115.0	114.9	116.1	39.6	40.6	40.4	40.6	42.0	42.4
Local	265.8	270.9	273.7	277.7	275.1	274.7	113.2	116.2	117.9	117.3	118.2	117.9

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Table 6 Metro Atlanta Housing Permits for 1986 through 1988 with Forecasts through 1990

	1986		1987		1988		1989		1990	
County	single	multi	single	multi	single	multi	single	multi	single	multi
Barrow	--	--	147	0	253	8	260	10	270	10
Butts	64	0	96	0	128	6	150	10	140	10
Cherokee	2450	265	1869	94	1686	39	1920	50	1910	50
Clayton	1559	1832	1458	1834	1446	1320	1230	1240	1200	1310
Cobb	5875	3922	5747	2969	4112	1567	3660	860	3490	760
Coweta	--	--	825	0	846	53	865	25	875	25
DeKalb	3265	3647	2820	2363	2781	4360	2465	3550	2515	3160
Douglas	779	202	1048	303	905	647	840	490	810	560
Fayette	802	0	767	0	1116	98	1100	100	1140	120
Forsyth	782	120	731	6	826	4	850	10	890	10
Fulton	3416	4355	3949	2917	3283	3532	2770	2690	2450	2410
Gwinnett	5728	4062	5196	525	4348	995	4130	900	4460	1130
Henry	1322	164	1442	134	1412	150	1450	120	1560	140
Newton	373	62	513	0	441	80	460	50	475	60
Paulding	882	6	1110	0	883	2	810	10	815	10
Rockdale	1075	298	1002	54	741	114	700	120	785	270
Spalding	--	--	635	24	321	304	390	50	425	100
Walton	343	0	482	0	561	54	575	60	620	60
Total	28715	18935	29830	11223	26089	13333	24625	10345	24830	10195
% Change From Previous Year	+8.5	+7.2	+3.9	-40.7	-12.5	+18.8	-5.6	-22.4	+0.8	-1.4
% Change in Total (single + multi)	+7.9		-13.8		-4.0		-11.3		+0.2	
Estimated Potential Absorption (000)	48.6		42.5		39.4		35.4		34.4	

Source: Homebuilders Association of Metro Atlanta

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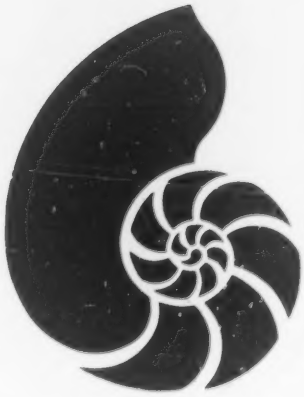
1989–1990
FIVE-YEAR FORECAST OF GEORGIA

GEORGIA STATE UNIVERSITY
COLLEGE OF BUSINESS ADMINISTRATION

May 1989
Dr. Donald Ratajczak, Director



ECONOMIC FORECASTING CENTER

SLUGGISH GROWTH BUT NO RECESSION IN GEORGIA DURING NEXT TWO YEARS

Dr. Donald Ratajczak
Director
Economic Forecasting Center

Summary

Seasonally adjusted employment growth in Georgia advanced boldly during the first quarter of 1989 following several quarters of very modest rates of advance. However, our seasonally-adjusted data for March suggest that another pause may be surfacing.

Per capita income gains in Georgia were the lowest of any state in the Southeast in 1988, but slowing construction and retail activity were overdue. As a result, the Georgia economy is making its adjustments at a time when the national economy is still moving forward. This should enable the state to avoid an outright recession during the next two years. Georgia's gross state product probably will increase less than 2.5% in 1989 and continue growing at a relatively sluggish 2% in 1990. However, this compares with 3% gains expected for the U.S. in 1989 and only a 0.8% increase in 1990, which will be consistent with a mild recession nationwide.

As expected, data revisions substantially raised Georgia employment for 1988. The revisions increased wage and salary employment from 1.2% to 3.5% for 1988. A substantial portion of this revision was in the non-metro areas, where employment growth was 5.3%. In Atlanta, the upward revision in employment growth was only from 1.5% to 3.0%. As a result, Atlanta completed two years of employment growth that has been slower than in the state. While Georgia employment growth in 1988 is similar to estimated gains nationwide, our coincident indicators suggest that Georgia's gross state product may have expanded more vigorously than in the United States. Thus, productivity gains appear to be slightly more significant in Georgia than nationwide. These relative improvements are expected to diminish in 1989 before again appearing in 1990. As a result, per capita income growth in Georgia probably will trail per capita gains nationwide in 1989 but should outstrip national gains by more than a percentage point in 1990.

The recent sales tax increase should ensure ample revenues for prudent government spending during the next two years. Thus, the budgetary problem that appeared to be looming prior to this legislative initiative should no longer be a problem.

Data Revisions

Preliminary population estimates that showed a surprising acceleration in population growth in 1988 have been revised downward. Instead of a 2.8% increase in population, more recent data indicates that population gains were only 1.8% to 6.342 million. Thus, instead of an acceleration in migration, there has been a deceleration. On the other hand, slower growth in population leads to slower growth in household formations. Because of a continuing decline in the number of people per household, Georgia households continued to grow more than 2% to a level of 2.314 million in 1988.

Other population estimates indicate that Georgia has the second-youngest median age of its population of any Southern state. (Only Mississippi, at 30.0 years, has a lower median age than the 30.8 for Georgia.)

The largest employment revisions were in the trade sector, where employment gains in wholesale trade grew 6.0% in comparison to a previously reported gain of only 0.4%. Also, retail trade showed

a 4.7% spurt in comparison to a 1.1% gain using earlier data. Half the underreporting of employment changes in 1988 were in the trade sector. Because Georgia remains overstored, slower growth in the trade sector should be anticipated in the next two years. The service sector was also revised sharply upward from an increase of 3.1% to a 5.7% gain. Transportation showed a revision from 1.4% to a 4.0% gain while government showed improvement from a 1.4% increase to a 3.9% gain. No major sectors of the Georgia economy were revised downward in the employment adjustments.

The 3.5% revised employment gains are equivalent to national growth rates for the year. This might suggest that the personal income report, which indicated that Georgia's per capita income showed the lowest gains in the South, could be revised upward. Some of that upward revision in the service sector probably reflects a stronger underlying growth path than originally had been projected. Similar revisions in finance and government also may reflect greater growth capability. Therefore, the net effect of the data revisions was to raise projections of employment growth over the next two years.

Recent Conditions

A change in the timing of tax collections for corporate income taxes has distorted the Georgia coincident indicators in recent months. For example, the indicators were significantly reduced in January and February as a result of these timing changes before being significantly enhanced in March. Excluding the tax receipts, the Georgia coincident indicators would have increased strongly in January and then would have declined modestly in February and March. This is broadly consistent with the pattern of economic activity that appeared in the United States. The Georgia coincident indicators showed an annual rate of increase of less than 2% during the first quarter. This suggests that the Georgia economy continues to grow at a slower rate than the nation as a whole.

The growth of revenues strengthened in the quarter despite the corporate tax distortions. Of course, a significant increase in estate taxes during March, which may be a one-time event, significantly aided the improving budget situation. Higher sales tax receipts will not be apparent until the May indicators. However, the indicators related to labor market conditions continue to deteriorate. The insured unemployment rate after seasonal adjustment rose for the third consecutive month, while the index of total hours worked fell in March.

Moreover, the leading indicators suggest that no early improvement in this relatively sluggish growth path should be expected for Georgia. Sharp declines in the leading indicators both in February and March suggest that activity in Georgia will continue to slow during the second quarter. Most of the weakness is currently concentrated in residential building permits and in nonresidential construction contracts, although the latter showed improvement in March. Consumer activity apparently improved in March following three sluggish months as reflected by the growth in sales tax receipts. Indeed, only a surge in commercial bank deposits, a condition that is not being repeated nationwide, prevented the leading indicators from falling for the quarter. Fortunately, a rebound in the length of the workweek in March may be an early indication that employment conditions may reaccelerate in the months ahead. Nevertheless, sluggish growth in the Georgia economy should be expected into the summer months.

After seasonal adjustment, the payroll employment estimates suggest a more vigorous Georgia economy than the coincident indicators are flashing. Payrolls accelerated their rate of growth in the first quarter as the declines in manufacturing and construction diminished while employment in retail trade and business services soared. Government employment also grew sharply especially in local payrolls other than education. Moreover, growth in retail trade employment is not being supported by expansion in sales tax activity. Thus, a continuation of rapid employment gains in the retail sector should not be anticipated.

The March employment statistics reflect the impact of the Eastern Airlines strike, but do not yet measure the layoffs of non-union personnel for that air carrier. As the strike is continuing,

transportation employment probably will fall by an additional 2000 in April. Projections for 1989 and 1990 assume that Eastern Airlines will remain strikebound through the summer months. Then a return to full utilization of the Hartsfield gates is expected the fourth quarter and through 1990. Obviously, if this assumption proves to be incorrect, the transportation employment figure, the related personal income figures, and the level of retail activity and revenue growth all need to be adjusted. At the present time, the total impact of the Eastern strike appears to be an annualized reduction in gross state product of slightly more than $600 million.

Our preliminary estimates for March payroll employment show that the temporary easing of the rate of decline in manufacturing and construction during the first quarter may have ended. Sharp declines in transportation equipment employment, largely reflecting the continued layoffs at Lockheed-Georgia, have not yet ended. Moreover, the GM plant at Doraville probably will not be operational in July. That means 4400 employees will not be employed for at least one month. Apparently, the mild winter weather was responsible for a slower decline in construction. The current level of construction employment is consistent with sustained employment growth in Georgia of only 2.2%. Therefore, construction need not dip very much further before vacancy rates in commercial buildings and apartments begin declining.

Some of the areas of surprising weakness include building materials, where lumber and wood products have experienced a very significant degree of weakening. Employment also is slowing for primary metals, apparel, paper products (where increased efficiency is reducing employment even as production is rising), and the printing industry. Although carpets continues to grow sharply, leading to further gains in textile products, this strength is expected to reverse later this year.

In non-manufacturing, employment weakness is largely confined to the construction and transportation sectors. Communication employment also has been declining, but this reflects a one-time decline in employment of operators as new telephone equipment is being installed. Despite unsustainable gains, the retail and wholesale sectors continue to show strong increases. Some slowing almost certainly should develop later in the year. Growth in health services are continuing to slow following an unsustainable surge in 1987. On the other hand, business services are reaccelerating following only modest growth in the middle of 1988.

Although farm income reportedly fell 5.7% in Georgia during the fourth quarter, this was significantly better than drought-impacted farm income nationwide. The poultry industry again experienced substantial increases in profitability. This began to erode early in 1989, however, as higher feed costs and increased production squeezed profit margins. Other components of personal income growing faster in Georgia than nationwide include payrolls for nondurable goods, transportation and public utilities prior to the Eastern strike, wholesale and retail trade, the finance group, and federal, civilian, and military payrolls. In addition, state unemployment benefits grew more rapidly in Georgia than nationwide during the fourth quarter. Sectors growing more slowly than in the nation include construction, durable goods payrolls, and state and local government payrolls. On balance, personal income in Georgia grew in line with national rates of growth during the fourth quarter. Property income grew more sharply in Georgia than nationwide, although property income is under-represented in the Georgia economy.

Georgia taxable sales showed a modest rebound in the fourth quarter with a 6.3% year-over-year gain. This compares to a sluggish 3.9% gain in the summer. Assuming the service sector is generating spending gains of slightly more than 8%, this suggests that Georgia consumption grew 7% in the fourth quarter from previous-year levels. As a result, the savings rate in Georgia appears to have stabilized in the fourth quarter after growing significantly earlier in the year. This was the reverse of savings activity nationwide, which improved significantly in the fourth quarter and during the winter months. As this spending is consistent only with 3% real gains, indeed the sales tax components after adjustment for inflation apparently grew only negligible amounts in the fourth quarter, the more rapid rates of growth in the trade sector clearly are not sustainable. At the present time, employment growth in the wholesale and retail trade sector appears to be 2 percentage points more rapid than growth in sales volumes.

The impact of the Eastern layoffs and earlier and continuing layoffs at Lockheed-Georgia have significantly raised the insured unemployment rate. In March, Georgia's insured rate reached 1.7% while Atlanta's rate rose to 1.6%. This compares with rates that were as low as 1% for Atlanta and 1.3% for Georgia as recently as December. Nationally, the insured unemployment rate has stalled at 2.1%.

In February, the South Atlantic states showed the worst performance for retail trade of any region in the country. While retail sales were up 1.8% before seasonal adjustment nationwide, they declined 2.3% in the South Atlantic states. For the first two months of 1989, retail trade in the South was up 1.9% as compared to a 4.2% gain for the nation as a whole. Indeed, the South Atlantic states showed no growth at all, the only subregion to experience such a poor performance. In Atlanta, retail trade performed more favorably, gaining 4.1%, only slightly below the national performance. Sales of nondurable goods were up a relatively strong 6.2% as compared to a 4.9% gain nationwide. However, department store sales were off a disappointing 2.8% in comparison to a 4.4% increase for the nation.

Relative weakness in the Georgia economy has begun to show up in the household estimates of employment and unemployment. In March, the unadjusted Georgia unemployment rate exceeded that for the nation. Moreover, the improvement in unemployment in Georgia was only from 5.8% to 5.3% over the past year in comparison to an improvement from 5.9% to 5.2% for the nation as a whole. Athens continues to have the lowest unemployment rate in the state with an improvement from 4.2% a year ago to 3.9%. A 4.6% increase in household estimates of employment was largely responsible for this performance. The Macon area also had substantial growth in household employment causing the unemployment rate to fall from 5.7% to 4.7% in the past year. Declines in the labor force were responsible for a dramatic fall in unemployment from 7.1% to 5.0% in Savannah, although employment growth was a modest 1.4%. Columbus showed equally strong gains in reducing unemployment with the rate falling from 7.0% to 5.1% as virtually no growth in the labor force occurred even as employment expanded 2.5%. In Augusta the unemployment rate fell from 6.1% to 5.5% over the year with strong gains in both the labor force and employment. Albany showed the largest improvement in the unemployment rate, from 9.2% to 6.8%, as the labor force shrank and employment grew modestly. The only metropolitan area showing an increase in the unemployment rate was Atlanta, where unemployment increased slightly from 5.0% to 5.1%. Only 25% of the new jobs in Georgia occurred in Atlanta according to this measure.

Our metropolitan indicators continue to show a significant discrepancy between payroll estimates of employment and the household estimates. For example, Augusta payrolls showed significant declines in year-over-year relative growth rates during 1988. Weakness was apparent in the government, services and transportation areas. On the other hand, the basic industries performed well in Augusta with especially strong gains in construction and modest increases in both durable and nondurable manufacturing. Although housing permits fell for the year, they improved in the fourth quarter relative to previous-year levels. Apartment activity reappeared after nonexistent construction in 1987. Single-family activity also strengthened in the fourth quarter, although current mortgage rate increases probably will once again slow that activity early in 1989. Taxable sales continue to follow a roller coaster pattern, although sales in general were up more in 1988 than in 1987. Real taxable sales increased 2% according to our estimates. Thus, a 2.2% increase in employment gains for the trade sector is consistent with those spending programs. Some rebound in retail employment probably should be anticipated in 1989. In 1987, the latest available data for population and personal income estimates, population slowed its growth sharply in Augusta while personal income increased only 5.2%. As a result, our estimates show a decline in real per capital income for Augusta in 1987, the first decline in that measure since 1980. This largely explains why the non-goods sector of the Augusta economy slowed sharply in 1988. However, growth in the goods-producing sector suggests that Augusta can rebound in 1989.

Our Columbus indicators also show a relative slowing in payroll growth through the year. Weakness was especially prevalent in contract construction, nondurable goods production,

transportation, and government payrolls. The service sector showed significant gains, providing virtually all of the job growth in 1988. The household and payroll estimates are broadly consistent for Columbus after the new data revisions. Housing permits rebounded in the fourth quarter although multi-family activity continues to show minimal construction. A modest rebound of single-family activity also is expected to be reversed early in 1989 from rising mortgage rates. Taxable sales have continued to weaken during the year, generating estimated declines in real taxable sales for 1988. As a result, the 2.5% employment gain in the trade sector may be excessive for the purchasing power currently being generated in Columbus. Unlike Augusta, the data released for 1987 was favorable to Columbus. Population grew again following a 1.1% decline in 1986. Also, a strong surge in personal income led to an increase in per capita personal income and a significant 3.7% gain in real per capita income. However, sales activity in 1988 was not consistent with that strong personal income growth.

Payroll growth in Macon was smaller than suggested by the household surveys, but employment gains remained steady at 2.5%. Strong growth in durable goods production, transportation services, financial services, and private services occurred. Macon. Government payrolls remained unchanged while nondurable employment fell and employment in trade and construction showed little improvement from previous years. Housing permits continue to slip, probably leading to further retrenchment in construction activity early in 1989. On the other hand, a rebound in taxable sales late in 1988 leading to a 3.4% increase in estimated real taxable sales gains suggests that stronger gains are possible in the trade sector. If growth in durable manufacturing, which is largely aerospace-related, can persist, Macon should continue to show employment gains in the 2.5% to 3.0% level over the next year or so. Macon experienced modest population growth in 1987, an improvement from minimal gains in 1986. Stronger growth in personal income led to a slight improvement in per capita personal income as a percentage of the national average. Thus, Macon apparently is generating the purchasing power that could lead to some stronger trade employment in the next two years.

Savannah is the one MSA where the household estimates of employment are less favorable than the payroll estimates. This might suggest a downward revision in payroll estimates when the next benchmarks are revealed nearly a year hence. Strength in manufacturing, especially durable goods, provides the major underpinning for Savannah's strong employment gains. As in other metropolitan areas in Georgia, the finance and service sectors also are performing well. The only sector showing decided weakness at the present time is construction, which has been trending downward all year. Housing permits remain surprisingly weak with virtually no multi-family activity developing at the present time. Single-family permits have been off 42% in 1988 and were still almost 40% below year-ago levels in the fourth quarter. Higher mortgage rates can only intensify that weakness early in 1989. Taxable sales show minimal growth in recent months with real taxable sales declining more than 1%. Although trade employment has not been growing rapidly, weakness in taxable sales suggests that retrenchment might even develop there. The 1987 population estimates show relatively strong 1.3% growth, which belies the current poor performance of the real estate market. On the other hand, personal income slowed from previous years and per capita personal income grew more slowly than the national average. Several announced large projects in Savannah, including a complete reconstruction of the Union Camp paper plant, may reverse the downward trend in construction and begin generating increasing personal income and taxable sales.

Effective mortgage rates rose 0.88 percentage points while the purchase price of houses that were financed rose $9500 nationwide. A further narrowing in the gap between fixed and adjustable rate mortgages developed as most conventional mortgages rose to 11.5% in the spring. Little further movement in mortgage rates is anticipated for the remainder of this year. A drop in rates to the vicinity of 10% is anticipated by the end of 1990. In Atlanta, the effective mortgage rate rose above the national rate and increased 1.17 percentage points. Housing prices increased $16,600 from previous-year levels. This reduced competitiveness of capital markets in Atlanta probably is temporary. Nevertheless, high home prices, high mortgages, and an overbuilt market are prescriptions for a significant downward adjustment in the housing market in the Atlanta economy.

Because of a shift in collection timing for corporate taxes, revenue collections are slightly more difficult to interpret than in the past. Aided by this shift, revenue collections grew a strong 13.3% during the winter quarter. This compares with revenue gains of 6.4%, 6.8%, 4.8%, 9.9%, and 12.3% in previous quarters. A sharp slowing is expected in revenue collections during the fourth quarter as a result of corporate tax timing changes. However, higher sales taxes on April 1st will give a one-time boost to tax collections. These combined influences assure revenue growth in excess of 8% for the current fiscal year. Strong revenue gains also are anticipated the next fiscal year as a result of the full impact of the sales tax collections. Thus, revenue gains in excess of 9.5% are projected for that fiscal year. Then, a reduction in the effective sales tax with an increase in exempted items should cause an abrupt slowing in revenues in the subsequent fiscal year. Nevertheless, a gain of about 7.5% is projected for that year. The sales tax increase certainly resolves any budgetary crunch that normally would have been anticipated.

Changes in the timing of refund distributions and continuing timing changes in corporate tax collections have seriously altered the pattern of revenue collections for the state. For example, personal tax collections grew 17.4% above previous-year levels in the winter quarter. This compares with gains of 11.5%, 10.5%, 4.6%, 14.8%, and 15.5% in previous quarters. All state and local governments showed personal tax collection gains of only 8.6%, a slight increase from the 8.1% gained in the previous quarter. Prior to that, gains were 11.7%, 1.9%, 9.2%, and 8.2%. Corporate tax collections in Georgia increased a dramatic 41.3% in the winter following a 32.5% surge in the fall as a result of shifts in the timing of tax collections. In previous quarters, corporate tax collections grew 11%, 11.5%, and then declined 0.4% in the first quarter. Corporate tax collections for all state and local governments rose an estimated 10.8% following gains of 13.3%, 7.8%, 14.1%, 13.4%, and 15.9% in previous quarters. However, sales tax collections continued to show minimal gains, increasing only 3.7% in the winter quarter. This compares with gains of 4.6%, 3.3%, 4.9%, 9.9%, and 5.9% in previous quarters. Sales tax gains for all state and local governments increased 6.7%. This was less than the 7.0% of the previous quarter but compares respectfully with gains of 5.1%, 7.1%, 7.5%, and 6.4% in previous quarters.

Summary of Outlook

Employment weakness already surfaced in Georgia during 1988. While manufacturing was able to eke out a slight increase, employment was falling in the lumber and furniture sectors, declining in primary metals, transportation equipment, food processing, apparel, construction, and civilian defense payrolls. Except for transportation, wholesale trade, and state and local government, payrolls also grew at a slower rate than the previous year in all other major sectors. The surge in wholesale trade clearly is unsustainable, although the surge continued into the early months of 1989. For that reason, wholesale employment growth certainly will remain strong in the 1989 annual averages.

Given developing budgetary pressures, the surge in state and local payrolls was surprising. Education was a factor, but non-education payrolls also expanded sharply. Despite resolution of the budgetary crisis with a sales tax increase, slower growth now is anticipated in government payrolls during the next two years.

Of course, the transportation sector will remain weak until the Eastern Airlines situation is resolved. An actual decline in payrolls now seems likely for 1989 because of that work stoppage. A rebound then is anticipated for 1990.

Activity also has surged in recent months in retail trade, lodging, and utilities. None of these are expected to be sustained. Indeed, the surge in retail trade is not justified by income gains. Therefore, a significant slowing in employment opportunities should be anticipated in that sector during the remainder of 1989 and into 1990.

In manufacturing, the biggest story has been the dramatic cutback in transportation equipment. This not only reflects Lockheed-Georgia but also indicates some problems with auto assembly activity. Most of these problems, however, already are reflected in the employment statistics. With the aerospace industry facing serious capacity constraints and with the only significant usable capacity available in Atlanta, some favorable events could begin developing in the transportation equipment sector by next year. However, no estimates of such contingencies have been included in our analysis at the present time. Because of weakness in the construction industry, construction materials also are weakening. Thus, lumber, furniture, and the stone group are expected to show declines over the next two years. The carpet industry, which continues to show unusual strength, is expected to reverse direction before the end of 1989 and trend downward in 1990. The dollar's rally is not helping competitive conditions in the apparel industry, which continues to lose employees. Although employment is declining in the paper industry, this is the result of substantial modernization which is enhancing the ability to produce paper. Activity is expected to be more robust in the fabricated metals and non-electrical machinery industries. Also, food processing appears to be rebounding from a 1988 slump. Modest growth is expected to persist in the printing and chemical areas. Therefore, manufacturing employment should fall modestly in 1989 and then show little change in 1990.

Despite a modest rebound in nonresidential construction contracts in March, the construction industry is expected to weaken through the year. Residential permits continue to fall sharply, although good weather aided permit activity late in 1988. Public construction also is expected to weaken in 1989. Industrial activity may strengthen late in the year and especially in 1990. Our March seasonally adjusted estimates for construction indicate that a bottom is near.

A switching to electronic operators has generated a one-time loss of communications jobs. That sector will resume growth later this year. Stronger growth now is expected in the finance sector as both the banking and brokerage industries resume expansion following a pause in 1988. However, weak real estate activity should prevent any significant expansion of retail employment from March levels over the next two years.

Employment growth is expected to remain robust in the service economy. A slight slowing in business services late in 1988 already appears to have reversed direction. While growth of health services appears to be slowing, a slowing in the hotel and other lodging activity has been reversed. These churning factors in the services sector continue to generate 5% employment gains in that increasingly important part of the Georgia economy.

A spurt in federal government payroll employment early in 1989 indicates stronger job gains in that sector than originally anticipated. However, a reduction in defense activity should cause reductions in civilian defense payrolls. Therefore, federal government payrolls should shrink slightly in 1990.

On balance, Georgia will have completed most of its adjustment with the exception of the trade sector when the national economy begins weakening. Of course, weak national conditions will prevent any significant expansion in Georgia's manufacturing activity. However, continued growth in the service economy, gains in the finance area, and significant growth in state and local payrolls as well as a rebound in the transportation services sector assure stronger payroll growth in 1990 for Georgia than for the U.S. A rebound in the farm economy should aid the expansion of personal income during 1989. In addition, higher inflationary pressures will be reflected in higher wage gains than in the previous year. Some of the strongest gains in personal income will be recorded in the trade and service sectors. Excluding higher wage pressures from increasing inflationary fears, personal income in 1989 would not have grown more rapidly than in 1988. Moreover, no substantial acceleration of personal income gains currently is expected for 1990. On the other hand, these gains appear to be sufficiently vigorous to assure an improvement in Georgia's personal income as a percentage of the U.S. during the next two years.

Georgia already is experiencing the employment adjustment that the rest of the nation still must face. Excessive employment growth still exists in the trade sector, especially in wholesale trade. Also, the construction adjustment is not yet finished, although it is approaching a lower sustainable rate of activity. On the other hand, the Georgia economy currently is being buffeted by an Eastern Airlines strike which currently is extracting more than $600 million from the state's economy. Some resolution of that impasse is anticipated before the end of this year. As a result, economic activity should continue to maintain a modest rate of expansion during the next two years. This is at odds with our analysis for the U.S. economy, which shows the nation slipping into a mild recession next year.

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ONE MORE SLUGGISH YEAR FOR ATLANTA

Data Revisions

Personal income estimates for Atlanta became available for 1987, but the detail was not available. As a result, no adjustments were made to our 1987 estimates, which were $350 million lower than the $45.943 billion estimated by the Department of Commerce. More significantly, personal income growth for 1987 in Atlanta remained a robust 9.4%, whereas our tables show an 8.5% rate of increase. Even so, the rapid population growth that Atlanta has experienced has led to a modest decline in per capita personal income as a share of the nation. Atlanta now has per capita income that is 111.7% of the national average. Also, real per capita income slowed to only a 1.2% gain during the year, the lowest increase since 1982.

The employment revisions were not as dramatic for Atlanta as they were for Georgia. Indeed, the revision showed that Atlanta employment grew more slowly than in Georgia for the second consecutive year. Moreover, unlike Georgia, some sectors were revised downward. Construction activity was originally overestimated as was employment for nondurable manufacturing. As in the state, a significant upward revision occurred in the trade sector. Virtually all of the state's upward revision in the finance sector occurred in Atlanta while only a small proportion of the upward revisions in the service and government sectors were Atlanta-based. On balance, the Atlanta payroll employment was 29,000 higher than originally projected.

The effect of these employment revisions is to increase the retail imbalance that currently exists in the Atlanta economy. However, the imbalance was not raised as dramatically in Atlanta as throughout the remainder of the state.

Recent Conditions and Outlook

Manufacturing has weakened much more dramatically in Atlanta than in Georgia as a result of the dramatic drop in Lockheed-Georgia employment and surprising weakness in the lumber industry. Of course, the construction-related industries all have weakened in the Atlanta economy, but nonelectrical machinery also has hit a soft spot. Some of this is related to aerospace activity, which has been especially hard hit in the Atlanta area.

Electrical machinery also has weakened in the latest quarter, but slowness there should be temporary. Some new firms entering the Atlanta metropolitan area will be in the machinery sector and should generate significant job growth by 1990. Also, fabricated metals and instrumentation, which is included in other durable goods, are continuing to show growth.

Nondurable manufacturing is weakening in the textile and apparel areas. However, significant growth in the paper area along with modest growth in other nondurables should be more than enough to offset those areas of employment decline.

The construction industry is continuing to decline. At current employment levels, construction could be sustained in the long run if employment gains are only 2.1% per year. Of course, employment growth has been stronger than that. As a result, some vacancy rates have declined. Commercial vacancy rates have fallen from a peak of 18.9% in 1986 to 17.1% in the fourth quarter of 1988 according to Coldwell Banker's statistics. Industrial vacancy rates, which peaked at 7.3% in the first quarter of 1988 have now fallen to 6.3%. Apparently both commercial and industrial construction are slightly less than the current absorption rates require. With significant property overhang, however, further reductions in construction could be anticipated.

Construction also is being impacted by a significant slowing of previously extensive public works projects. Both MARTA and highway development are far below levels that were sustained in previous years. Construction of the Georgia Dome would only partially reverse this decline.

Although transportation services currently are impacted by the Eastern strike, there is no reason to assume that airline activity in Atlanta will be diminished once that work stoppage has been ended. The reduction of AT&T operators has affected communications employment, but growth should resume in that sector later this year. Unfortunately, upward revisions in employment for the wholesale and retail trade sectors indicate that Atlanta remains overstored. Indeed, the first-quarter surge in seasonally-adjusted employment in those sectors is at odds with the announced closures and transfers associated with several retail chains. It is possible that the labor department is now overestimating employment in that sector, just as they had underestimated it in previous years. Clearly, with moderate growth in sales tax collections, taxable sales were up only 6.5% in the fourth quarter and real taxable sales showed only a 2.2% gain for the year, these employment gains in retail activity cannot be sustained. They appear to be about 2 percentage points too high for current purchasing activity. Purchasing activity probably will increase once the durable manufacturing layoffs subside, but not enough to sustain current employment expansion in the trade sector.

Sluggishness in the financial services sector appears to be subsiding as brokerage firms are beginning to grow and the banking system is expanding. However, weakness in real estate market probably will lead to some consolidation in real estate employment in the next 18 months. As in the state, a resurgence of service activity has surfaced late in 1988 and early in 1989. Indeed, business services may show the strongest gains of any major employment sector. Health services also are growing more rapidly in the Atlanta area than throughout the state. Finally, the government sector should gradually slow its rate of growth as civilian defense personnel show little improvement and as other federal employees sharply slow their rates of expansion. State government is expected to accelerate its employment growth this year as budgetary restraints have been lifted by the additional sales tax levy. Tax burdens are a little bit greater for local areas, where some slowing in payroll growth rates is anticipated over the next two years.

Estimated potential absorption of housing has been reduced slightly as a result of slower growth in the state's population than previously had been announced. Population by 1990 is expected to be growing only at a 2.5% rate, down signficantly from 3.4% in the 1980s. However, potential measures housing activity for any prevalent financial conditions. If financial conditions become more stringent, as in the current case, actual absorption could fall thousands of units below potential. This would then create a resevoir for future housing demand. Thus, our estimates suggest that housing permits were about 4000 in excess of potential in 1988. In addition, financial conditions probably prevented potential from being achieved by as many as 6000-7000 households. If so, this could mean more than 11,000 excess housing units currently are on the market in Atlanta. Indeed, the rebound in housing activity in 1990 that currently is projected in Table 5 might not materialize because of the size of this housing overhang.

Cobb County appears to be significantly impacted by the loss of employment opportunity at its former number one employer. A rebound in multi-family activity during the first quarter suggests that that downturn may be nearing an end. However, weakness in single-family activity appears to be

intensifying. A slight rebound is anticipated in 1990 as a result of more favorable financial conditions, but a serious overhang in the Cobb housing market may prevent such a rebound. In Fulton County, the impact appears to be more dramatic in the multi-family market. Following a surge of activity early in 1988, multi-family construction has slowed sharply. This is expected to persist over the next two years. The housing boom also appears to have slowed in Clayton, where activity already was easing prior to the Eastern strike. Further weakening is possible on the South side. If so, estimates of slight construction gains in Henry County and only a slight slackening in Fayette County could prove to be optimistic. Of course, both counties then would rebound in 1990. The boom expected for Cherokee County has been stalled by high mortgage rates. Although several subdivisions are being developed, housing absorption should slow the speed of buildout in those areas. In DeKalb County, the problem appears to be desirable sights. Multi-family activity is expected to remain strong, although not as strong as in 1988. Single-family activity is falling off slightly and is expected to fall off more as the year progresses. The biggest surprise in the metropolitan area at this time is the development of apartment units in Douglas County. Although single-family development appears to have passed Douglas by, the surge in apartment activity may eventually create the population density necessary to establish a regional mall on that side of the city. However, such an outcome is several years away. Apartment activity in Gwinnett County remains very uneven. Activity probably will remain subdued in the multi-family market well into the next decade. Single-family activity currently is being impacted by high mortgage rates, but a change in financial conditions should stimulate growth in Gwinnett. Some of the lesser counties, such as Butts, Forsythe, Newton, Spaulding, and Walton County all are showing gradual increases in housing activity. Apparently, tight financial markets have not yet slowed the urban sprawl. The projected improvement in single-family activity may prove to be optimistic, as single-family permits are running 20% below previous-year levels, but the housing slump is nearing a bottom.

According to the Coldwell Banker vacancy rates, industrial vacancy continued to improve modestly in Atlanta during the spring, falling to 6.1%. This was still above the 6.0% national average but significant activity remains in the industrial sector. In Atlanta, downtown vacancy rates subsided to 14.5% as compared to a 16.1% but improving rate for the nation as a whole. In the suburban market, vacancy rates declined nationwide to 21.4%, while they increased modestly in Atlanta to 17.8%. However, double-counting of some leases suggests that these vacancy rates will rise again, especially in the downtown area, once some of these law firms move from current to newly constructed space. Actually, absorption in the Atlanta market was satisfactory in 1988. Although absorption was highest in Chicago followed by Los Angeles, Washington, and Boston, Atlanta showed the fifth-highest absorption rate according to one measure with 4.2 million square feet. However, the amount of space under construction in Atlanta also was fifth-highest at 7.2 million square feet. Rental rates in the United States increased $0.22 in 1988 as compared to an increase of rents by $0.20 in Atlanta. In Atlanta, rental rates remain slightly under $18 per square foot. As a result, the asking rent of nearly $25 for space under construction will require significant concessions to fill those buildings.

What has especially troubled developers is the sharp slowing in absorption rates during the second six months of 1988. Fortunately, most of the slowing in employment gains in Atlanta has been in manufacturing, which does not occupy that much space. A rebound in the business service sector may lead to the rebound in office absorption currently being anticipated. However, office absorption rates may currently be too favorable.

Fortunately, taxable sales rebounded during the fourth quarter, showing a gain of 6.5%. Thus, the Atlanta metropolitan area regained its edge over the rest of the state in retail activity during the fourth quarter. Henry County continues to defy explanation, by showing strong residential growth and weak sales growth. In the fourth quarter, that was the only county registering a decline in taxable sales from the previous year. However, activity on the South side definitely slowed sharply. Taxable sales in Clayton were up only 1.5% in the fourth quarter while the previous surge in Fayette slowed to only a 6.6% gain. Other counties that performed with less taxable sales growth than the metro area include Barrow (2.5%), Butts (5.5%), Cherokee (3.8%), DeKalb (6.4%), Fulton

(6.2%), and Walton (5.9%). Double-digit gains were recorded in Forsythe (10.7%), Rockdale (11.0%), Paulding (11.2%), and Newton (12.9%). In most cases, this is the result of new subdivisions and small retailing activities moving into those counties. Despite Lockheed layoffs, Cobb County registered a respectable 8.7% increase in taxable sales from the previous year. For the entire year, only Forsyth was able to register double-digit taxable sales gains.

With taxable sales growing slightly faster than the state, but with personal income estimated to grow slightly slower than in Georgia, it appears that savings rates have not improved as much in Atlanta as Georgia during the fourth quarter. Little acceleration is expected in personal income for 1989 but some improved growth should develop in 1990.

Summary of Outlook

Although overbuilding in the construction sector continues, with more office space under construction than can be absorbed even in Atlanta's best year, further correction in construction employment should be anticipated. Falling public construction also will contribute to this decline. On the other hand, housing permits are now approaching a potential that is supported by population movement. Because of previous excess building, however, about 11,000 excess housing units currently are impacting the Atlanta market. This will slow housing price appreciation and may even require some reduction in developed land costs, especially on the North side.

Further slowing in employment gains to only 2.3% are now projected for 1990. This will mean that employment will be growing slower than population. With some improvement in participation rates, labor force growth should exceed population growth by about 0.5%. Therefore, the unemployment rate should continue to rise in 1989. By 1990, however, stronger projected employment growth and slower population growth should allow for general balance in the labor markets.

The good news about this environment is that wage pressures will not intensify significantly in the Atlanta area and housing costs will begin moderating. This will lead to lower growth in consumer prices and in wages than in competitive areas around the country. Indeed, the CPI for Atlanta in the second half of 1988 was up only 3.8% from the second half of 1987. This is about a half percentage point slower than consumer prices in the nation.

Nonresidential construction contracts were down 2.5% in 1988, suggesting that real construction activity outside of the housing area will be down about 4% in 1989. With housing activity projected to decline 16.5%, further significant declines in construction employment are assured. However, some rebound is expected in 1990 as a slowing in the national economy leads to more favorable financial conditions. By that time, the Atlanta economy will have resolved the airline problems and will have absorbed the layoffs at Lockheed-Georgia. In addition, some new manufacturing facilities will have added to payrolls. With projected continuing growth in business services and a healthier economy for the financial services sector, some improvement in employment opportunities is expected for 1990. As a result, the Atlanta economy should be improving even as the Georgia and national economies are continuing to slow. Thus, by 1990 Atlanta should regain its accustomed position of growing faster than the state and the nation as a whole.

Although the weakness in Atlanta is substantial, strength in the service sector guarantees that a repeat of the early 1970s will not occur. On the other hand, Atlanta may have to be content with more modest growth in the years ahead. Employment gains in the 3% to 4% range may be more realistic assumptions in the next decade rather than the 5+% gains that Atlanta experienced in the past seven years.

Table 1

Georgia Wage & Salary Employment (Seasonally Adjusted) for 1986-88 with Forecasts through 1990

Georgia State University
College of Business Administration
Economic Forcasting Center
May 1989

Description	Quarterly Seasonalized Data II 88	III 88	IV 88	I 89	MAR(P)	Annual Percentage Change 87/86	88/87	89/88	90/89	Annual Average 1986	1987	1988	1989(F)	1990(F)
1. MANUFACTURING	575.8	572.3	569.4	568.2	565.5	1.2	0.5	-1.5	-0.1	564.6	571.2	574.1	565.5	565.1
2. DURABLE GOODS	225.4	222.5	219.3	217.2	214.7	0.2	0.3	-4.0	0.3	222.5	223.0	223.8	214.9	215.6
3. LUMBER AND WOOD	33.9	33.4	33.1	33.1	32.8	-2.2	-0.7	-2.9	-0.6	34.7	33.9	33.7	32.7	32.5
4. FURNITURE AND FIXTURES	11.2	11.2	11.2	11.3	11.3	0.9	-5.0	-0.1	-0.9	11.8	11.9	11.3	11.3	11.2
5. STONE, CLAY, AND FIXTURES	21.3	21.0	20.9	21.0	21.0	1.5	0.6	-0.7	-1.0	20.7	21.0	21.1	21.0	20.8
6. PRIMARY METAL INDUSTRY	15.7	15.9	15.9	15.6	15.5	-1.5	-1.3	-1.7	-1.3	16.2	16.0	15.8	15.5	15.3
7. FABRICATED METAL	21.2	21.4	21.5	21.9	22.0	-0.5	3.1	3.9	0.9	20.7	20.6	21.3	22.1	22.3
8. MACHINERY EXC ELECTRIC	26.4	26.5	26.7	26.8	26.8	0.4	2.5	2.2	2.6	25.7	25.8	26.4	27.0	27.7
9. ELECTRIC & ELECTRONIC	31.9	31.9	31.3	31.6	31.7	3.2	4.4	0.6	0.6	29.4	30.4	31.7	31.9	32.1
10. TRANSPORTATION EQUIP	50.9	48.0	45.4	42.8	40.5	-0.6	-3.0	-18.2	0.5	51.1	50.8	49.3	40.3	40.5
11. OTHER DURABLE GOODS	13.0	13.1	13.3	13.1	13.1	3.5	4.6	-0.4	0.8	12.1	12.6	13.2	13.1	13.2
12. NONDURABLE GOODS	350.4	349.9	350.1	351.0	350.8	1.8	0.6	0.1	-0.3	342.1	348.2	350.3	350.6	349.5
13. FOOD AND KINDRED	59.6	59.1	59.3	60.7	60.6	0.1	-2.0	2.0	0.8	60.6	60.7	59.5	60.7	61.2
14. TEXTILE MILL PRODUCTS	109.3	109.9	109.7	110.4	110.2	4.3	1.9	0.6	-1.3	102.9	107.3	109.4	110.0	108.6
15. APPAREL & TEXTILE	67.8	67.0	66.5	65.9	66.1	-0.8	-1.1	-2.8	-1.1	69.0	68.5	67.7	65.8	65.1
16. PAPER & ALLIED PRODUCT	31.9	31.8	32.3	31.6	31.7	2.0	1.8	-0.9	-0.6	30.8	31.4	32.0	31.7	31.5
17. PRINTING & PUBLISHING	39.5	39.5	39.6	39.7	39.4	3.8	5.1	0.6	0.5	36.1	37.5	39.4	39.6	39.8
18. CHEMICALS & ALLIED	19.3	19.5	19.6	19.6	19.5	-0.8	1.4	0.8	1.0	19.3	19.2	19.4	19.6	19.8
19. LEATHER & LEATHER PROD	1.8	1.9	1.9	2.0	2.0	1.3	13.7	10.1	0.0	1.6	1.6	1.8	2.0	2.0
20. OTHER NONDURABLE GOODS	21.1	21.2	21.2	21.1	21.2	1.2	-4.6	0.6	1.4	21.8	22.1	21.1	21.2	21.5
21. TOTAL NONMANUFACTURING	2290.7	2316.5	2340.2	2387.3	2381.8	4.9	4.3	3.9	3.4	2107.5	2210.5	2304.9	2395.8	2476.8
22. MINING	9.0	8.9	9.0	9.0	8.9	3.2	4.9	1.0	0.0	8.2	8.5	8.9	9.0	9.0
23. CONSTRUCTION	150.4	148.3	144.5	143.5	141.0	0.2	-2.1	-5.8	-0.2	152.0	152.2	149.0	140.3	140.0
24. TRANSP, COMM & PUB UT	181.7	182.7	184.5	186.4	181.7	4.2	4.0	0.4	3.3	168.2	175.4	182.3	183.1	189.2
25. TRANSPORTATION	110.0	111.4	113.2	114.9	110.1	3.4	4.7	-0.2	4.4	102.5	105.9	111.0	110.8	115.7
26. COMMUNICATION	44.5	44.4	44.3	44.0	43.9	7.2	2.8	-0.2	0.9	40.2	43.1	44.3	44.2	44.6
27. UTILTIES	27.1	26.9	27.1	27.5	27.7	3.0	2.7	3.9	2.8	25.6	26.3	27.0	28.1	28.9
28. WHOLESALE & RETAIL TRADE	732.1	742.0	754.2	780.2	779.6	5.2	5.1	6.1	3.3	667.5	702.5	738.0	783.0	808.9
29. WHOLESALE TRADE	213.1	216.1	221.5	226.6	227.5	3.6	6.0	5.8	0.4	196.0	203.0	215.1	227.6	228.5
30. DURABLE GOODS	139.6	141.9	145.7	148.3	149.1	3.4	7.4	5.2	0.1	127.1	131.4	141.1	148.5	148.7
31. NONDURABLE GOODS	73.5	74.2	75.8	78.4	78.5	3.8	3.4	6.9	0.9	69.0	71.6	74.0	79.1	79.8
32. RETAIL TRADE	519.0	525.9	532.7	553.5	552.0	5.9	4.7	6.2	4.5	471.5	499.5	522.9	555.4	580.4
33. FINANCE, INSUR & RL EST	160.3	161.6	163.3	164.9	164.9	6.4	3.7	2.3	2.7	146.1	155.4	161.1	164.8	169.3
34. FINANCE	71.4	71.8	72.6	72.7	72.5	5.5	2.1	2.2	2.9	66.5	70.2	71.6	73.2	75.3
35. INSURANCE	52.4	52.7	53.1	53.5	53.7	7.5	4.5	3.1	2.6	46.8	50.4	52.6	54.2	55.6
36. REAL ESTATE	36.4	37.0	37.5	38.7	38.6	6.4	5.6	1.4	2.7	32.8	34.9	36.9	37.4	38.4
37. SERVICES	566.0	573.9	582.8	593.4	595.8	7.3	5.7	5.8	5.3	503.3	539.8	570.4	603.6	635.6
38. HOTELS & OTHER LODGING	39.8	39.8	39.9	40.4	39.9	2.3	1.9	2.7	2.0	38.2	39.1	39.8	40.9	41.7
39. BUSINESS SERVICES	145.4	147.5	150.6	154.9	155.3	10.1	9.6	7.5	8.4	121.3	133.7	146.5	157.4	170.6
40. HEALTH SERVICES	135.1	135.3	136.5	137.9	138.5	9.8	4.5	3.6	3.3	117.9	129.5	135.3	140.2	144.8
41. GOVERNMENT	491.3	499.1	502.0	509.9	510.1	3.1	3.9	3.4	2.5	462.2	476.7	495.2	512.0	524.8
42. FEDERAL GOVERNMENT	99.1	100.0	100.9	102.5	102.3	2.5	0.6	2.5	-0.1	96.8	99.3	99.8	102.3	102.2
43. DEFENSE	35.9	35.7	36.0	36.7	36.6	-0.6	-4.8	2.5	-0.8	38.1	37.8	36.0	36.9	36.6
44. OTHER FEDERAL	63.2	64.3	64.9	65.9	65.7	4.5	3.9	2.4	0.3	58.8	61.5	63.8	65.4	65.6
45. STATE & LOCAL GOVERNMENT	392.3	399.1	401.1	407.3	407.8	3.3	4.8	3.6	3.1	365.4	377.4	395.4	409.7	422.6
46. STATE GOVERNMENT	116.0	117.4	119.4	121.0	121.7	3.8	4.7	3.6	2.6	107.7	111.8	117.0	121.3	124.5
47. STATE EDUCATION	46.4	47.2	47.7	48.2	48.5	3.2	3.8	4.0	2.9	43.9	45.3	47.0	48.9	50.3
48. OTHER STATE GOVT	69.6	70.2	71.6	72.8	73.2	4.2	5.3	3.4	2.5	63.8	66.5	70.0	72.4	74.2
49. LOCAL GOVERNMENT	276.2	281.7	281.7	286.3	286.2	3.1	4.8	3.6	3.4	257.7	265.6	278.3	288.4	298.1
50. LOCAL EDUCATION	145.6	150.7	148.2	150.2	150.8	5.0	5.1	3.7	4.8	133.2	140.0	147.1	152.6	159.9
51. OTHER LOCAL GOVT	130.7	131.0	133.5	136.1	135.3	1.0	4.4	3.5	1.8	124.4	125.6	131.2	135.8	138.2
52. TOTAL NONAG. PAYROLL	2866.4	2888.9	2909.6	2955.5	2947.3	4.1	3.5	2.9	2.7	2672.2	2781.7	2879.0	2961.3	3041.9
53. CIVILIAN UNEMPL. RATE	6.1	6.2	5.0	5.4	5.3					5.9	5.5	5.9	6.2	6.4

Source : Data (in 1000's) seasonally adjusted by Forecasting Center.
MAR(P) is seasonally adjusted preliminary March employment. 1989(F) and 1990 (F) are forecasted values.

Georgia State University
College of Business Administration
Economic Forecasting Center
May 1989

Table 2

Georgia Personal Income for 1987 with Forecasts for 1988 through 1990
(Millions of Dollars)

	1987	1988	1989	1990	86-87	87-88	88-89	89-90
Labor & Proprietors' Income:								
1. Wage & Salary Income	57767	62413	67467	73365	8.8	8.0	8.1	8.7
2. Other Labor Income	5227	5463	5726	6007	7.9	4.5	4.8	4.9
3. Proprietors' Income	6827	7111	7590	7891	9.4	4.1	6.7	4.0
Farm	1058	979	1062	1048	10.3	-7.5	8.5	-1.3
Nonfarm	5769	6132	6528	6843	9.2	6.3	6.5	4.8
Labor & Proprietors' Income:								
1. Farm	1209	1138	1228	1220	9.6	-5.9	7.9	-0.7
2. Mining	292	316	335	355	16.7	8.3	6.0	5.9
3. Contract Construction	4639	4700	4599	4704	2.2	1.3	-2.1	2.3
4. Manufacturing	13796	14302	14722	15463	6.1	3.7	2.9	5.0
Durables	6112	6317	6239	6541	5.2	3.4	-1.2	4.8
Nondurables	7684	7985	8483	8922	6.8	3.9	6.2	5.2
5. Transportation & Utilities	6333	6811	7163	7846	8.6	7.5	5.2	9.5
6. Trade	13225	14644	16297	17666	8.2	10.7	11.3	8.4
Wholesale	6202	7001	7855	8359	7.5	12.9	12.2	6.4
Retail	7023	7643	8442	9307	8.8	8.8	10.5	10.3
7. Finance, Ins. & Real Estate	4530	4978	5404	5912	11.1	9.9	8.6	9.4
8. Services	14050	15556	17752	19908	14.0	10.7	14.1	12.1
9. Other Industries	279	307	328	355	10.4	9.9	6.8	8.2
10. Government	11468	12236	12955	13834	8.6	6.7	5.9	6.8
Federal Civilian	2628	2761	2905	3018	5.8	5.1	5.2	3.9
Federal Military	1654	1763	1826	1909	8.8	6.6	3.6	4.5
State & Local	7185	7711	8224	8907	9.6	7.3	6.7	8.3
Plus:								
Property Income	12064	13368	14763	15992	7.9	10.8	10.4	8.3
State U.I. Benefits	232	212	248	265	2.8	-8.9	17.0	6.9
Other Transfers	11155	12033	12984	14075	6.5	7.9	7.9	8.4
Residence Adjustment	-199	-205	-211	-213	-12.9	3.0	2.9	1.0
Less: Social Ins. Contributions	3975	4506	4925	5444	7.8	13.4	9.3	10.5
Equals: Total Personal Income	89098	95888	103642	111938	8.5	7.1	8.1	8.0
Nonfarm Personal Income	87889	94749	102414	110718	8.5	7.8	8.1	8.1
% of U.S. Nonfarm	2.36	2.37	2.38	2.40	---	---	---	---
Population	6227	6342	6453	6558	2.07	1.85	1.75	1.63

Table 3

Atlanta Wage & Salary Employment (Seasonally Adjusted) for 1986-88 with Forecasts through 1990

Georgia State University
College of Business Administration
Economic Forcasting Center
May 1989

Description	Quarterly Seasonalized Data II 88	III 88	IV 88	I 89	MAR(P)	Annual Percentage Change 87/86	88/87	89/88	90/89	Annual Average 1986	1987	1988	1989(F)	1990(F)
1. MANUFACTURING	186.4	182.4	179.2	177.0	174.7	-1.3	-2.3	-4.9	0.6	191.1	188.8	184.4	175.4	176.4
2. DURABLE GOODS	96.4	93.1	90.1	87.4	85.3	-2.0	-3.8	-9.7	0.7	100.4	98.4	94.7	85.5	86.1
3. LUMBER AND WOOD	5.2	4.9	4.7	4.1	4.4	2.0	-4.0	-14.4	-4.8	5.0	5.1	4.9	4.2	4.0
4. FURNITURE AND FIXTURES	4.1	4.2	4.2	4.3	4.3	-3.5	-1.1	-0.2	-2.4	4.4	4.3	4.2	4.2	4.1
5. STONE, CLAY, AND FIXTURES	9.4	9.3	9.3	9.4	9.5	-1.5	-3.4	0.8	-1.1	9.8	9.7	9.3	9.4	9.3
6. PRIMARY METAL INDUSTRY	6.5	6.5	6.3	6.4	6.2	0.4	-7.5	-4.2	-1.6	7.0	7.0	6.5	6.2	6.1
7. FABRICATED METAL	9.7	9.8	9.9	10.1	10.2	0.3	2.5	6.3	4.8	9.5	9.5	9.8	10.4	10.9
8. MACHINERY EXC ELECTRIC	9.6	9.6	9.6	9.6	9.5	-5.6	-3.6	-1.1	3.2	10.6	10.0	9.6	9.5	9.8
9. ELECTRIC & ELECTRONIC	16.6	16.5	16.0	15.9	15.8	-0.2	6.5	-3.2	2.5	15.5	15.4	16.4	15.9	16.3
10. TRANSPORTATION EQUIP	29.4	26.4	24.0	21.5	19.4	-3.8	-12.0	-30.3	-1.5	33.0	31.8	28.0	19.5	19.2
11. OTHER DURABLE GOODS	5.9	6.0	6.1	6.1	6.1	-0.3	5.8	3.6	3.2	5.7	5.7	6.0	6.2	6.4
12. NONDURABLE GOODS	90.0	89.4	89.1	89.7	89.4	-0.4	-0.7	0.2	0.4	90.7	90.4	89.7	89.9	90.3
13. FOOD AND KINDRED	20.2	20.0	19.9	20.2	20.0	-4.3	-4.1	0.2	0.5	22.0	21.0	20.2	20.2	20.3
14. TEXTILE MILL PRODUCTS	7.6	7.6	7.6	7.4	7.3	3.9	2.7	-5.1	-2.8	7.1	7.4	7.6	7.2	7.0
15. APPAREL & TEXTILE	10.7	10.5	10.3	10.3	10.3	-6.4	-7.3	-4.6	-2.0	12.3	11.5	10.7	10.2	10.0
16. PAPER & ALLIED PRODUCT	8.9	8.9	9.1	9.2	9.3	-0.4	0.7	5.3	2.1	8.9	8.9	8.9	9.4	9.6
17. PRINTING & PUBLISHING	24.1	24.1	24.0	24.1	24.0	2.8	4.0	0.9	0.8	22.4	23.0	24.0	24.2	24.4
18. CHEMICALS & ALLIED	9.2	9.1	9.2	9.2	9.1	-2.2	0.4	0.6	1.1	9.3	9.1	9.1	9.2	9.3
19. OTHER NONDURABLE GOODS	9.2	9.2	9.1	9.4	9.4	8.2	-1.5	2.9	2.1	8.7	9.4	9.2	9.5	9.7
20. TOTAL NONMANUFACTURING	1228.8	1237.7	1245.8	1267.5	1261.8	4.9	3.8	3.4	3.4	1132.6	1187.9	1233.1	1274.8	1318.4
21. MINING	1.5	1.5	1.5	1.5	1.5	10.0	4.7	0.0	0.0	1.3	1.4	1.5	1.5	1.5
22. CONSTRUCTION	70.5	70.0	69.5	68.0	66.7	-1.3	-3.7	-5.7	-0.5	74.0	73.0	70.3	66.3	66.0
23. TRANSP, COMM & PUB UT	120.0	120.7	121.4	120.8	116.5	5.3	4.5	-1.9	4.2	109.3	115.2	120.3	118.0	123.0
24. TRANSPORTATION	75.8	76.6	77.5	77.2	72.7	4.3	4.8	-3.2	6.5	69.9	72.9	76.3	73.9	78.7
25. COMMUNICATION & UTILITY	44.2	44.1	43.9	43.6	43.8	7.1	4.0	0.3	0.5	39.5	42.3	44.0	44.1	44.3
26. WHOLESALE & RETAIL TRADE	398.5	402.0	404.2	414.4	414.4	4.9	4.2	4.2	3.2	366.3	384.0	400.1	417.1	430.5
27. WHOLESALE TRADE	137.3	138.1	138.6	141.4	142.3	3.3	3.8	3.5	1.9	128.3	132.6	137.7	142.5	145.2
28. DURABLE GOODS	98.0	98.6	99.2	100.7	101.5	2.4	5.1	2.5	2.1	91.4	93.6	98.4	100.8	102.9
29. NONDURABLE GOODS	39.3	39.6	39.4	40.8	40.8	5.6	0.8	6.2	1.4	36.9	39.0	39.3	41.7	42.3
30. RETAIL TRADE	261.2	263.8	265.6	272.9	272.0	5.7	4.4	4.6	3.9	238.0	251.5	262.4	274.6	285.3
31. FINANCE, INSUR & RL EST	102.6	103.2	104.1	105.5	105.4	6.1	3.9	3.6	1.8	93.4	99.1	102.9	106.6	108.5
32. FINANCE	40.6	40.7	41.2	41.6	41.5	4.4	0.4	3.9	4.0	38.8	40.5	40.7	42.3	44.0
33. INSURANCE	36.7	36.8	37.0	37.3	37.3	7.7	6.0	2.8	2.1	32.1	34.6	36.7	37.7	38.5
34. REAL ESTATE	25.4	25.7	25.9	26.6	26.6	6.9	6.8	4.1	-2.3	22.4	23.9	25.6	26.6	26.0
35. SERVICES	333.6	337.3	340.3	348.4	348.7	5.9	4.6	5.9	5.2	302.7	320.7	335.4	355.3	373.6
36. HOTELS & OTHER LODGING	23.4	23.6	23.7	23.9	23.7	2.0	0.4	2.8	2.9	23.0	23.5	23.6	24.2	24.9
37. BUSINESS SERVICES	103.5	104.1	105.1	109.1	109.3	7.1	6.4	9.9	7.4	91.2	97.7	103.9	114.2	122.6
38. HEALTH SERVICES	62.3	62.8	63.1	64.6	65.1	8.5	6.1	7.3	4.3	54.2	58.8	62.3	66.9	69.8
39. GOVERNMENT	202.0	203.1	204.8	208.9	208.8	4.8	4.2	3.6	2.5	185.6	194.5	202.6	210.0	215.3
40. FEDERAL GOVERNMENT	43.3	43.7	44.4	45.0	44.7	5.4	3.7	3.2	1.1	39.9	42.0	43.6	45.0	45.5
41. DEFENSE	6.1	6.0	5.9	6.0	5.9	-0.4	-3.6	0.4	-3.3	6.2	6.2	6.0	6.0	5.8
42. OTHER FEDERAL	37.2	37.7	38.4	39.0	38.8	6.5	5.0	3.7	1.8	33.6	35.8	37.6	39.0	39.7
43. STATE & LOCAL GOVERNMENT	158.7	159.4	160.5	163.9	164.1	4.7	4.3	3.8	2.9	145.7	152.5	159.0	165.0	169.8
44. STATE GOVERNMENT	40.0	40.7	41.5	41.9	42.0	5.2	4.1	5.0	3.8	36.9	38.9	40.5	42.5	44.1
45. STATE EDUCATION	13.5	13.9	14.1	14.3	14.2	10.1	3.2	4.8	3.5	12.1	13.3	13.7	14.4	14.9
46. OTHER STATE GOVT	26.5	26.8	27.4	27.6	27.7	2.9	4.6	5.1	3.9	24.8	25.6	26.7	28.1	29.2
47. LOCAL GOVERNMENT	118.7	118.7	119.0	122.0	121.6	4.5	4.3	3.3	2.6	108.8	113.6	118.5	122.5	125.7
48. LOCAL EDUCATION	58.8	58.4	57.3	59.0	59.3	6.9	2.3	3.0	2.8	53.2	56.9	58.2	60.0	61.7
49. OTHER LOCAL GOVT	59.9	60.3	61.7	63.0	62.3	2.1	6.4	3.6	2.4	55.5	56.7	60.3	62.5	64.0
50. TOTAL NONAG. PAYROLL	1415.2	1420.2	1425.0	1444.5	1436.5	4.0	3.0	2.3	3.1	1323.7	1376.7	1417.5	1450.2	1494.8
51. CIVILIAN UNEMPL. RATE	5.4	5.5	4.5	4.9	5.1					4.7	4.7	5.2	5.6	5.5

Source : Data (in 1000's) seasonally adjusted by Forcasting Center.
MAR(P) is seasonally adjusted preliminary March employment. 1989(F) and 1990 (F) are forcasted values.

Georgia State University
College of Business Administration
Economic Forecasting Center
May 1989

Table 4 Atlanta MSA Personal Income for 1987 and 1988 with Forecasts through 1990
(Millions of Dollars)

	1987	1988	1989	1990	86-87	87-88	88-89	89-90
Labor & Proprietors' Income:								
1. Wage & Salary Income	32589	35057	37722	41212	8.4	7.6	7.6	9.3
2. Other Labor Income	3061	3208	3372	3550	7.7	4.8	5.1	5.3
3. Proprietors' Income	2999	3181	3390	3559	9.5	6.1	6.6	5.0
Farm	150	147	153	150	3.4	-2.0	4.1	-2.0
Nonfarm	2849	3034	3237	3409	9.8	6.5	6.7	5.3
Labor & Proprietors' Income:								
1. Farm	162	160	167	165	4.5	-1.2	4.4	-1.2
2. Contract Construction	2500	2492	2444	2492	0.7	-0.3	-2.0	2.0
3. Manufacturing	5511	5550	5497	5780	3.7	0.7	-1.0	5.1
Durables	3174	3152	2948	3101	3.0	-0.7	-6.9	5.2
Nondurables	2337	2398	2549	2679	4.6	2.6	6.3	5.1
4. Transportation & Utilities	4430	4784	4923	5435	9.6	8.0	2.9	10.4
5. Trade	8956	9831	10760	11696	7.8	9.8	9.4	8.7
Wholesale	4926	5458	5998	6472	7.2	10.8	9.9	7.9
Retail	4030	4373	4762	5224	8.6	8.5	8.9	9.7
6. Finance, Ins. & Real Estate	3387	3729	4099	4447	10.9	10.1	9.9	8.5
7. Services	8745	9584	10945	12259	12.6	9.6	14.2	12.0
8. Other Industries	230	251	269	294	9.6	9.0	7.1	9.5
9. Government	4728	5065	5380	5753	10.0	7.1	6.2	6.9
Federal Civilian	1222	1322	1400	1471	8.7	8.2	5.9	5.1
Federal Military	278	295	301	313	5.6	6.0	2.2	3.7
State & Local	3228	3448	3679	3969	10.8	6.8	6.7	7.9
Plus:								
Property Income	6080	6779	7518	8187	8.4	11.5	10.9	8.9
Transfer Payments	3949	4285	4683	5062	6.1	8.5	9.3	8.1
Residence Adjustment	-856	-877	-846	-851	-4.6	2.5	-3.7	0.5
Less: Social Ins. Contributions	2231	2518	2757	3082	8.6	12.9	9.5	11.8
Equals: Total Personal Income	45591	49115	53082	57637	8.5	7.7	8.1	8.6
Nonfarm Personal Income	45429	48955	52915	57472	8.5	7.8	8.1	8.6
% of Georgia Nonfarm	51.69	51.67	51.67	51.91	---	---	---	---
Population (#,Thousands)	2657	2735	2807	2878	3.41	2.93	2.65	2.50

TABLE 5

METRO ATLANTA HOUSING PERMITS
FOR 1986 THROUGH 1988 WITH FORECASTS THROUGH 1990

Georgia State University
College of Business Administration
Economic Forecasting Center
May 1989

COUNTY	II88		III88		IV88		I89		1986		1987		1988		1989(P)		1990(P)	
	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT	SINGLE	MULT
* BARROW	54	10	108	0	24	0	50	0	*	*	140	0	253	10	260	10	270	10
BUTTS	38	6	35	0	39	0	32	0	64	0	96	0	128	6	150	10	140	10
CHEROKEE	434	6	442	4	399	26	374	0	2450	265	1869	94	1700	43	1920	50	1910	50
CLAYTON	425	378	385	40	259	451	315	163	1559	1832	1458	1834	1475	1319	1230	1240	1200	1310
COBB	1267	566	932	140	687	470	910	583	5875	3922	5747	2969	4231	1567	3660	860	3490	760
* COWETA	263	53	221	0	187	0	242	48	*	*	825	0	873	53	865	25	875	25
DEKALB	879	1331	758	1061	397	1519	592	502	3265	3647	2820	2363	2940	4589	2465	3550	2515	3160
DOUGLAS	237	214	325	183	98	0	177	632	779	202	1048	303	908	647	840	490	810	560
FAYETTE	360	2	283	94	221	2	293	126	802	0	767	0	1221	101	1100	100	1140	120
FORSYTH	220	0	196	2	193	0	201	2	782	120	731	6	826	4	850	10	890	10
FULTON	1049	1274	869	461	439	848	903	265	3416	4355	3949	2917	3519	3736	2770	2690	2450	2410
GWINNETT	1369	224	1184	574	648	6	1174	248	5728	4062	5496	525	4571	1298	4130	900	4460	1130
HENRY	380	40	412	48	254	54	353	148	1322	164	1442	134	1412	151	1450	120	1560	140
NEWTON	125	0	102	0	86	80	181	16	373	62	513	0	449	80	460	50	475	60
PAULDING	296	0	187	0	129	2	150	0	882	6	1110	0	893	2	810	10	815	10
ROCKDALE	234	6	174	4	130	0	165	0	1075	298	1002	54	743	116	700	120	785	270
* SPALDING	93	2	78	242	84	22	93	31	*	*	635	24	321	304	390	50	425	100
WALTON	165	18	122	18	120	0	120	16	343	0	482	0	562	74	575	60	620	60
TOTAL: SINGLE & MULTI	7888	4130	6813	2871	4394	3480	6325	2780	28715	18935	30130	11223	27025	14100	24625	10345	24830	10195
% CHANGE FROM PREVIOUS QUARTER/YEAR	-6.0	70.1	-8.6	-37.5	-21.6	52.4	-20.2	-23.2	8.5	7.2	-0.6	-40.9	-10.3	25.6	-8.9	-26.6	0.8	-1.4
TOTAL PERMITS (SINGLE + MULTI)	12018		9684		7874		9105		47650		41353		41125		34970		35025	
% CHANGE IN TOTAL (SINGLE + MULTI)	11.1		-19.6		-0.2		-21.2		7.9		-16.6		-0.6		-15.0		0.2	
ESTIMATED POTENTIAL ABSORPTION (000)									48.6		42.5		39.4		35.4		34.3	

Source : Homebuilders Association of Metro Atlanta
1989 (P) and 1990 (P) are forecasted values
* These counties not included in survey until 1987. 1986-1987 % changes are calculated on a 15-county basis.

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Table 6

Georgia Employment in 1993

	1987	1993	% Change	Annual Rate	Previous Annual Rate
Mining	8.5	9.2	8.2	1.3	1.0
Construction	152.2	161.1	5.8	1.0	1.2
Manufacturing	571.2	581.1	1.7	0.3	1.3
Durables:	223.0	227.7	2.1	0.3	1.1
Lumber	34.0	32.9	-3.2	-0.5	-0.1
Furniture	11.9	11.7	-1.7	-0.3	0.4
Stone, Clay, Glass	21.0	21.5	2.4	0.4	0.3
Primary Metals	16.0	15.2	-5.0	-0.9	1.1
Fabricated Metals	20.6	24.5	18.9	2.9	1.8
Nonelectrical Machinery	25.8	30.3	17.4	2.7	3.9
Electrical Machinery	30.4	34.2	12.5	2.0	1.7
Transportation Equipment	50.8	43.4	-14.6	-2.6	-0.2
Other Durables	12.6	14.0	11.1	1.8	2.8
Nondurables:	348.2	353.4	1.5	0.2	1.4
Food	60.7	63.2	4.1	0.7	1.8
Textiles	107.3	106.9	-0.4	-0.1	0.9
Apparel	68.5	62.8	-8.3	-1.4	-0.1
Paper	31.4	32.3	2.9	0.5	2.7
Printing	37.5	42.3	12.8	2.0	3.4
Chemicals	19.2	20.9	8.9	1.4	0.7
Leather	1.6	2.1	31.3	4.6	-2.2
Other Nondurables	22.1	22.9	3.6	0.6	2.9
Transportation, Comm. & Utilities	175.4	203.2	15.8	2.5	2.2
Trade:	702.5	892.8	27.1	4.1	2.8
Wholesale	203.0	236.4	16.5	2.6	1.5
Retail	499.5	656.4	31.4	4.7	3.3
Finance, Ins. & Real Estate	155.4	185.3	19.2	3.0	3.4
Services	539.8	730.2	35.3	5.2	4.7
Government:	476.7	563.9	18.3	2.8	2.9
Federal	99.3	105.2	5.9	1.0	1.1
State	111.8	131.3	17.4	2.7	3.2
Local	265.6	327.4	23.3	3.5	3.5
Total Wage & Salary	2781.7	3326.8	19.6	3.0	2.8
Population	6227	6907	10.9	1.74	1.66

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Economic Forecasting Center
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Table 7

Georgia Personal Income in 1993

	1987	1993	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	57767	96455	67.0	8.9	7.7
2. Other Labor Income	5227	6992	33.8	5.0	5.6
3. Proprietors' Income:	6827	9403	37.7	5.5	8.5
Farm	1058	1241	17.3	2.7	5.6
Nonfarm	5769	8162	41.5	6.0	9.0
Labor & Proprietors' Income:					
1. Farm	1209	1436	18.8	2.9	5.5
2. Mining	292	432	48.0	6.8	7.8
3. Contract Construction	4639	6266	35.1	5.1	5.3
4. Manufacturing:	13796	18973	37.5	5.5	5.7
Durables	6112	8228	34.6	5.1	5.4
Nondurables	7684	10745	39.8	5.7	6.0
5. Transportation, Comm. & Utilities	6333	10122	59.8	8.1	7.5
6. Trade:	13225	22660	71.3	9.4	7.1
Wholesale	6202	10300	66.1	8.8	6.3
Retail	7023	12360	76.0	9.9	7.9
7. Finance, Insurance & Real Estate	4530	7707	70.1	9.3	9.5
8. Services	14050	27627	96.6	11.9	10.2
9. Other Industries	279	443	58.8	8.0	5.0
10.Government:	11468	17184	49.8	7.0	7.8
Federal Civilian	2628	3596	36.8	5.4	4.9
Federal Military	1654	2236	35.2	5.2	6.1
State & Local	7185	11352	58.0	7.9	9.1
Plus:					
Property Income	12064	21023	74.3	9.7	7.3
State (U.I.) Benefits*	232	339	46.1	6.5	7.3
Transfer Payments	11155	17263	54.8	7.5	6.0
Residence Adjustment	-199	-224	----	---	---
Less: Social Ins. Contributions	3975	7595	91.1	11.4	10.1
Equals: Total Personal Income	89098	143656	61.2	8.3	7.3
Real Personal Income**	34964	42066	20.3	3.1	2.2
Atlanta CPI (1982-84=100)	254.8	341.5	34.0	5.0	5.0

** Assuming CPI rises 5.0% per year, adjusted to reflect difference from national purchasing power, and to eliminate CPI bias.

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FORECAST OF GEORGIA & ATLANTA

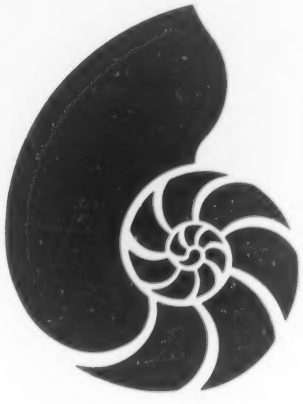
1989–1990

U1890-2

GEORGIA STATE UNIVERSITY
COLLEGE OF BUSINESS ADMINISTRATION

August 1989

Dr. Donald Ratajczak, Director



ECONOMIC FORECASTING CENTER

SLOW GROWTH WILL CONTINUE THROUGH 1990 IN GEORGIA

Dr. Donald Ratajczak
Director
Economic Forecasting Center

SUMMARY

The Georgia economy stalled during the second quarter according to the Georgia coincident indicators and seasonally adjusted payroll employment. Even the unemployment rate began rising, and is now no lower than the national rate.

Fortunately, some temporary events such as the Eastern Airlines strike and auto layoffs to adjust for excessive inventories along with a needed correction in housing construction are responsible for this poor performance. When the strikes are resolved and construction finds a lower base from which to advance, economic activity should gradually improve. Georgia's gross state product is expected to advance slightly less than 2.5% in 1989 and continue growing at a sluggish 2% in 1990. This compares with 2.9% gains expected for the U.S. in 1989 and 1.7% in 1990.

Personal income in Georgia continues to perform better than nationwide during the past year, but income gains in the first quarter were less robust than nationally. Given the seasonally adjusted payroll and coincident indicators performance during the second quarter, another quarter of below national performance is anticipated. Nevertheless, strong gains in property incomes and transfer payments should allow Georgia personal income to expand nearly 9% in 1989. A slowing in those components will reduce personal income gains to only 7.8% in 1990 despite some acceleration in growth for total earnings. Sluggish employment gains and moderate income growth will reduce population flows into the state. Nevertheless, net inmigration is expected to continue.

Normally, such sluggish activity would create budgetary problems, but the recent passage of the sales tax assures no budgetary concerns at this time. Aided by sales tax collections, receipts are expected to grow by more than 9% in the current fiscal year before slowing to an 8% rate of increase in the next fiscal year.

RECENT CONDITIONS

The coincident indicators declined both in April and June and were up by a negligible amount in the second quarter from first-quarter averages. This suggests that Georgia's gross state product showed no growth over that period. Moreover, the index now is only 2% above a year ago, suggesting that gross state product probably is up by a similar modest amount. Contributing to the quarter's weakness was the important index of hours worked. Both the workweek and the number of people employed declined on a seasonally adjusted basis during the spring. Obviously, the Eastern strike had an adverse impact, but activity weakened as well in construction-related industries, in transportation equipment, in most nondurable goods industries except textiles, which was bolstered by carpets. Also weakening were construction, retail trade employment, financial services, real estate activity, and even the lodging industry. In short, employment weakness was widespread.

Fortunately, these areas of weakness have not had a significant impact on unemployment claims or the insured unemployment rate. Apparently, many of the lost jobs have been from people who were only temporary workers. Although the hours worked appeared to have fallen faster than the level of economic activity, leading to some improvement in productivity, corporate income tax receipts also dipped significantly late in the quarter. This could be a temporary aberration that may be reversed in subsequent months.

Unfortunately, the leading indicators show no evidence that this sluggish activity is about to turn. Although some declines were not significant, the leading indicators have now fallen for 4 consecutive months. The index is no higher than it was a year ago. This normally suggests that economic activity would weaken further. Again, weakness is widespread. The manufacturing workweek was shrinking all quarter. Residential permits have fallen sharply since the first of the year. Non-residential construction contracts have trended downward dramatically during the second quarter. Only commercial bank deposits and initial unemployment claims have stemmed the tide. Moreover, the claims only recently are improving following weakness earlier in the year.

The very sensitive ratio of leading to coincident indicators trended downward sharply in the spring. This almost always suggests that economic activity will slow further in the months ahead. Thus, no significant improvement in the Georgia economy is expected until the fall, when increased airline services and the end of extended model changeover layoffs in the auto industry could begin a recovery. Nevertheless, sluggish performance is anticipated for Georgia in 1989. As mentioned earlier, manufacturing activity continued to decline during the spring. Weakness was especially noteworthy in lumber, the stone and clay group, transportation equipment, apparel, paper products and printing, and agricultural chemicals. Only the carpet industry showed any significant expansion, although some gains also were recorded in the machinery area.

With such poor permits and contracts, the dip in construction employment after seasonal adjustment was not surprising. One positive note was a slight uptick on seasonally adjusted employment in June even as poor weather restricted construction. Perhaps, the bottom is being reached. Similarly, the worst is probably over for transportation services employees, as Eastern tries to rebuild its airline. Wholesale trade has eased following six months of rapid growth. Weakness continues for nondurable goods but appears to be reversing for durable goods. The shakeout in retail trade employment appears to be continuing and growth should slow significantly in that sector this year. Similarly, the banking industry is becoming lean as potential buyouts have caused bank managements to increase earnings and improve their stock values. Weak housing activity is translated into weak real estate employment, where employment gains have virtually stopped. Even the services sector showed weakness during the second quarter led by sluggishness in the lodging industry. This weakness is expected to be temporary, however.

Fortunately, government employment continued to grow as state and local governments no longer faced serious budget problems and the federal government continued to generate surprising employment gains. Nevertheless, seasonally adjusted nonagricultural payrolls declined sharply during the second quarter and were still falling in June.

Our assumptions concerning the impact of the Eastern Airlines strike as reducing payrolls directly and indirectly by 7000 and lowering gross state by $600 million appears to be on target. Furthermore, our assumption that Eastern Airlines will regain its full complement in Atlanta during the fourth quarter seems to be reasonable.

Although the employment and indicator statistics suggest sluggish activity for Georgia, personal income gains remained robust through the first quarter. In fact, personal income currently is up 10% from a year ago. Farm incomes, up nearly 22%, certainly helped such a performance. However, earnings were up sharply as well. Income was up especially significantly for wholesale trade, financial services, and personal services. Also, state and local government earnings increased sharply from the previous year. In addition, sharp gains in property income as a result of rising interest rates accounted for a significant portion of the personal income gains.

Despite this strong showing, personal income was up less in Georgia than the United States in the first quarter as a result of even stronger gains in farm income nationwide. Nonfarm personal income was up slightly more in Georgia, however. Property income was up much more sharply in Georgia than nationwide during the first quarter while transfer payments also were up slightly more in Georgia. All the goods-producing industries showed earnings declines during the first quarter. In addition, earnings in the services sector showed an unexpected dip. However, these below national performances in goods production and services were offset by better-than-national performances in the communications, wholesale trade, retail trade, and financial services sectors. Also, state and local government payrolls grew much more dramatically in Georgia than nationwide.

Georgia taxable sales slumped from their 6.3% year-over-year gains in the fourth quarter to only 0.7% from previous-year levels during the winter. Even with 7% gains expected in the service sector, this suggests that Georgia consumption grew less than 4% before adjustment for inflation in the winter. Obviously, such sluggishness in sales is far below the more than 9% increase in disposable income experienced by Georgia households over the same period. Clearly, such a spurt in savings activity is unsustainable. Therefore, stronger sales activity should be anticipated as the year progresses. Obviously, this sluggish retail trade activity is responsible for the sharp seasonally adjusted dip in employment in the retail sector during the second quarter. If these sluggish sales continue, no growth in retail sales employment could be justified. Fortunately, income gains are sufficient to support taxable sales gains of more than 6%. With a 3.5% inflation rate, this would allow employment gains of 3% in the retail sector.

Georgia's insured unemployment rate has again begun declining after rising sharply earlier in the year. Throughout the state, the insured unemployment rate was 1.5% in June while Atlanta's rate fell from 1.6% in March to 1.4% in June. Nationally, the rate remained at 2.1%.

In May, only the Mid-Atlantic states showed a more sluggish gain in retail sales than the South Atlantic states. During the first five months of the year, retail trade was up 5% for the nation but increased only 1.8% for the South Atlantic states. In Atlanta, retail sales approached national norms by gaining 4.8% over the first five months. Nondurable goods in Atlanta were up 4.9% as compared to a 6.1% gain for the nation. Department store sales continued to show weakness, declining 0.7% in Atlanta while rising 5.3% for the nation.

Household estimates of Georgia employment have slowed to only a 61,000 gain from the previous year. However, a slowing in the labor force to only a 58,000 gain has led to a slight dip in the Georgia unemployment rate. By contrast, the unemployment rate nationwide has remained unchanged over the past twelve months. Although Athens continues to have the lowest unemployment rate, it has increased from 4.2% a year ago to 4.6% currently. By contrast, the unemployment rate in Macon has fallen from 5.9% to 4.9%. In both instances, employment has been strong, offsetting relatively strong labor force gains. Both Augusta and Columbus show significant improvement in unemployment rates, falling from 6.7% to 5.9% in Augusta and from 6.9% to 5.8% in Columbus. Strong employment gains coupled with weak labor force gains accounted for these improvements. In Savannah, a sharp decline in the labor force and modest gains in employment allowed that metropolitan area to lower its unemployment rate from 7.2% a year ago to 5.8% currently. Atlanta experienced an increase in the unemployment rate from 5.5% to 5.7% as employment gains continued to slow. Albany continues to experience the highest unemployment rates in the state, but the unemployment rate has fallen from 9.7% to 8.3%.

The gain in employment registered in Augusta according to the household estimates is not apparent in the payroll estimates. During the second quarter, payroll employment actually declined slightly from the previous year. Weakness was especially noteworthy in the transportation sector and the financial sector. Government payrolls also declined slightly and trade employment was down marginally from a year ago. However, construction was surprisingly strong for such a weak economy. Nondurable manufacturing continued to register modest gains. Taxable sales have slowed significantly to a gain of only 1.9% in the first quarter. While this is better than statewide, it indicates that no growth in retail employment should be anticipated.

Payroll employment also showed smaller gains for Columbus than the household surveys. Weakness in the construction sector is justified by slow employment growth. In addition, payrolls are declining in the trade sector and in the government sector. These are being only marginally offset by small improvements in other service areas. However, the manufacturing sector is registering significant gains as a result of expansion in both durable and nondurable activity. Such growth in manufacturing should assure stronger gains in the Columbus economy during the second half of the year. Taxable sales in Columbus fell 0.6% in the first quarter largely as the result of a 20% decline in sales in relatively small Chattahoochee County. Such performance suggests that retails trade will remain weak for the remainder of the year in Columbus.

Weak retail sales also should be anticipated in Macon as the result of a 1.7% drop in taxable sales there. All of the weakness was in Bibb County while relatively small Jones and Peach Counties showed nearly double-digit gains. This probably is the reason why payroll employment in the trade sector has experienced no growth in the past year. Fortunately, most other sectors in Macon are rebounding nicely. Construction is up modestly while employment gains are much more vigorous in the finance, service and government sectors. Although payroll employment has been growing at slower rates during the second quarter than a year ago, more than 2.5% gains in payroll employment can be anticipated for Macon.

Savannah experienced the sharpest decline in taxable sales of all major metropolitan areas. Nevertheless, trade employment remains up from a year ago. This clearly cannot be sustained if sales do not improve. Construction has begun to weaken while manufacturing remains largely unchanged from the previous year. The strongest sector of the Savannah economy is the transportation sector, although government payrolls also are expanding moderately. The finance and service sectors are experiencing weakness. Both the household and payroll surveys are showing relatively sluggish employment gains for Savannah at the present time. Payroll increases of less than 1.5% currently are anticipated this year.

In June, effective mortgage rates had not yet begun declining and remained 1.28 percentage points above a year ago. The purchase of all homes that were financed showed an increase of $5400. Mortgage rates will show a percentage point decline from these levels by the end of summer. No further significant movement in mortgage rates is anticipated for the remainder of this year.

In Atlanta, the effective mortgage rate was slightly lower than nationwide, but had increased by 1.35 percentage points. Housing prices in Atlanta had spurted by $35,900 from a year ago. Obviously, high financing costs chased out most of the low-end buyers. Some adjustment downward in mortgage rates and housing prices will be necessary before the Atlanta housing market can rebound.

Aided by a 1% increase in sales taxes, Georgia revenues were able to grow by 9.9% for the latest fiscal year. The full impact of the sales tax next year will probably generate revenue gains of more than 9% in that year. Some slowing to an increase of less than 8% in the following fiscal year can expected, especially as exempted items will substantially lower sales tax revenues. With the aid of sales tax increases, revenues expanded a sharp 12.5% in the quarter. This contrasted with a 13.3% gain during the winter quarter as a result of shifting collections for corporate taxes. In previous quarters revenue gains were 6.4%, 6.8%, 4.8%, and 9.9%. Comparisons will be at least 5 percentage points higher until the fourth quarter of the next fiscal year as a result of the sales tax increase.

Obviously, sales tax collections are significantly distorted by the change in the sales tax rate. For example, collections are up a strong 21.8% during the quarter as compared to gains of only 3.7%, 4.6%, 3.3%, 4.9%, and 9.9% in previous quarters. During the last month of the quarter, gains were in excess of 30%. Sales tax gains for all state and local governments increased 6.2%. This was a gradual slowing from the 6.7%, 7.0%, 5.1%, 7.1%, and 7.4% gains in previous quarters. However, personal tax collections also showed strength despite no change in tax rates during the second quarter. Collections were up 18.9%. This compares to increases of 17.4%, 11.5%, 10.5%, 4.6%, and 14.8% in previous quarters. All state and local governments showed personal tax collection gains of 8.1% as compared to 8.6%, 8.1%, 11.7%, 1.9%, and 9.2.% in previous quarters.

However, shifts in corporate tax collections were readily apparent as a result of a 13.9% plunge in collections in the spring. This compared with dramatic increases of 41.3% and 32.5% in previous quarters. Prior to that, gains were 11.0% and 11.5%. Corporate tax collections for all state and local governments rose an estimated 3.0% following gains of 10.8%, 13.3%, 7.8%, 14.1%, and 13.4% in previous quarters.

SUMMARY OF OUTLOOK

The Georgia economy clearly stalled in the second quarter and the leading indicators suggest that further weakness should be anticipated through the summer months. Weakness has been especially significant in the transportation equipment sector, where layoffs at Lockheed-Georgia and inventory-adjusting layoffs by both Ford and General Motors have led to significant employment reductions. However, employment also weakened in the construction-related manufacturing industries and in construction itself. Nondurable manufacturing also showed widespread weakness although the important textile area continued to show gains. However, strength in the carpet industry is expected to diminish late this year, causing textiles to decline slightly next year. By that time, the weakness in transportation equipment should have run its course. Some weakness may develop in the machinery and metals areas, but they are not expected to be substantial. Surprising weakness also exists in the paper industry as paper producers are becoming more adept at producing paper with reduced employees. The indicators continue to show that construction is heading downward, although employment rose in June despite adverse building weather. Thus, the low point in the construction cycle may be nearing.

Georgia also was impacted significantly by the Eastern Airlines walkout, which should ease significantly during the fourth quarter. At the present time, employment in the trade sector is too robust for the degree of spending currently occurring. However, personal income gains far exceed estimated consumer spending. For that reason, a rebound in trade employment is anticipated later this year. However, the surge in wholesale trade cannot be sustained. Employment gains are expected to be minimal in that sector next year despite continuing robust gains earlier this year.

Of course, weakness in construction activity will spread into real estate servicing activity. In addition, bank restructuring are leading to sharp slowing in employment gains for the finance sector. Surprising weakness also developed in the lodging sector, but the successful opening of Underground in Atlanta probably will reverse those trends late this year and in 1990. Employment gains still remain robust in the business services and health services sectors.

The 1% sales tax increase has dramatically increased revenue collections at the state level. This should permit a continuing expansion of government payrolls. In addition, federal government payrolls have grown at a brisk rate early this year. Some slowing in those gains are anticipated next year as employment and population gains in Georgia begin receding.

Clearly, the slowing in nonagricultural payrolls will lead to rising unemployment rates. Despite unemployment averaging only 5.5% during the first half of 1989, the unemployment rate is expected to average 6.2% for the year. The 2% estimated gain for nonagricultural payrolls in Georgia will trail an estimated 2.9% increase for the nation in 1989. In 1990, however, a slight rebound to a 2.4% increase in Georgia should outperform an anticipated 1.9% gain nationwide.

Although Georgia personal income showed a 10% improvement from year-ago levels in the first quarter, weakening employment activity should sharply reduce earnings gains for the year. Even with a 17% expansion in estimated farm income, total personal income should slow from that base to only an 8.9% gain. Sharp increases in property income are responsible for lifting the personal income estimates above gains anticipated nationwide. Earnings are expected to decline in the agricultural service and fisheries sector, the mining sector, and durable-goods manufacturing. Only the service sector and state and local payrolls are expected to show double-digit earnings gains. Because of reduced employment opportunities, population gains also are expected to slow in Georgia. Following an estimated 1.85% population gain in 1988, population gains should slow to only a 1.63% increase by 1990. Despite relatively sluggish gains for

personal income in 1990, partially as a result of moderating wage pressures, incomes are expected to grow slightly more rapidly than in the U.S. in that year.

The good news about the Georgia outlook is that it is going through its construction, manufacturing, and retail adjustments prior to a similar slowing nationwide. By the time the national economy slows significantly, Georgia should be through most of this adjustment phase. This would allow the economy to outperform the nation next year and beyond. Nevertheless, zero growth during the second quarter should give pause to all Georgia boosters at the present time. The state's economy is perilously close to a recession and the indicators are suggesting that a mild downturn still is likely. Only the certainty that the state no longer faces any budgetary constraints and that Eastern Airlines will again be hiring before the end of this year allows us to predict that a recession will not occur. By 1990, weakness generated by the collapse of transportation equipment and by adjustments in retail and construction will have run their course.

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ATLANTA'S EMPLOYMENT GAINS ARE EVEN SLOWER THAN GEORGIA'S

RECENT CONDITIONS AND OUTLOOK

Most of the weakness experienced by the state is concentrated in Atlanta,
just as most of the strength earlier in the decade also was in Atlanta. The largest area of weakness is the transportation equipment area as a result of the Lockheed-Georgia layoffs and the inventory adjustments occurring in the auto industry. Questions still surround the long-term viability of the Lakewood assembly plant. Also, the Rockwell International layoffs have created weakness in the electronics area in Atlanta that did not surface throughout the state. In addition, the machinery industry has been weaker in Atlanta than in the state. Because housing activity has plunged in Atlanta, lumber employment also has fallen sharply. As a result, jobs in durable goods industries are falling more than 11% in 1989. They already had fallen nearly 4% the previous year. The only good news is that the bad news will end sometime in 1990, when durable goods payrolls should fall a further 1.1%.

Unfortunately, no other sectors are significantly offsetting this durable manufacturing weakness. Nondurable industries also are showing weakness. Food processing showed a third consecutive annual decline in payrolls, before a modest uptick should appear in 1990. Textile mill products continue to shrink in the metropolitan area as no carpeting facilities are in this part of Georgia. Also, the apparel industry continues to weaken from the onslaught of foreign competition. The paper industry shows a little bit of strength and the printing industry, which weakened slightly earlier this year, should also rebound in 1990. Modest improvement also may develop for chemicals. Nevertheless, the nondurables are also showing employment weakness in 1989.

Fortunately, Atlanta does not depend upon the fortunes of its manufacturing sector. Business services are as much an export industry with consultants flying throughout the region as the manufacturing sector is. Also, convention traffic assures that lodging remains a significant export activity. However, the manufacturing weakness has undermined household growth in the metropolitan area, leading to significant weakness in construction employment. Unlike other parts of the state, construction payrolls continued to fall through June. The Eastern Airlines strike is apparent in the transportation services employment sector, but rehiring late in the year should generate a rebound in that sector next year. Even the communications sector is reducing payrolls at the present time.

Unfortunately, the trade sector cannot continue to support the local economy. Taxable sales in the first quarter were up only 1%. This means that retail activity actually declined. The favorable reception of Underground Atlanta certainly will help the retail picture, probably reversing declines by the end of this year. The June rebound in retail trade employment probably reflects the opening of Underground. Of course, weakness in construction activity leads to weakness in real estate activity, where a rare decline in employment is anticipated next year.

Hopefully, improving air service later this year and the successful introduction of Underground will lead to some improvement in lodging occupancy rates and accelerate the development of new hotels. This should create a modest rebound in the lodging sector later this year. Business services remain on a strong growth path and should continue to contribute substantially to employment gains. Similarly, health services remain a strong growth industry for the Atlanta area. Government activity is moderating, but employment gains remain robust in most government sectors. Some moderation is expected in the federal sectors next year as a result of further retrenchment in civilian defense personnel.

Despite some good news in the non-manufacturing sector, the collapse of durable manufacturing will continue to impact the Atlanta metropolitan area through 1990. In 1989, payroll employment gains are expected to be lower in Atlanta than in the state for the third consecutive year. Atlanta will again resurface with stronger employment gains in 1990.

Obviously, such sluggish employment growth will lead to higher unemployment rates. Because population responds to employment with a lag, a significant slowing in population gains is expected in Atlanta during the next two years.

As shown in table 5, the estimated potential absorption of housing has been reduced as a result of this moderation in population flows. A sharp slowing in housing activity currently projected for 1989 will still add to housing inventory. Our projections normally suggest further additions to inventory in 1990. However, potential absorption is the trend rate of absorption that can be sustained. When mortgage rates decline, actual absorption rates tend to rise above potential. Therefore, in an era of falling mortgage rates, most of what will be built in 1989 and 1990 will be absorbed. However, the prevailing vacancies will not be exhausted. We are still estimating that 11,000 excess housing units currently are on the market in Atlanta.

Cobb County's spurt in multi-family activity during the first quarter could not be sustained. It now appears that multi-family activity will continue to trend down sharply in that county through 1990. Single-family activity also has slowed sharply. Although mortgage rate declines should encourage some home-building during the second half of the year, single-family activity probably will be down 25% from previous-year levels in 1989. A flattening of the declining trend then is expected in 1990. Multi-family activity also remains weak in Gwinnett, although a gradual rebound is expected late in 1989 and should continue into 1990. Single-family activity is not falling as hard as in Cobb County and probably should stabilize at the 4000 unit level both in 1989 and 1990. DeKalb County also is being impacted by sluggish employment gains on the north side. The multi-family surge during 1988 should not have occurred. As a result, multi-family activity should fall back to the 1987 levels in the latter half of 1989 and 1990. Single-family activity remains behind previous-year levels, although declining mortgage rates should encourage some building in the second half of the year. In Fulton County, housing activity is not off as sharply, partially because of significant activity on the South side. Multi-family activity showed surprising strength during the second quarter and suggests improvement will develop in the second half of the year. Several counties are experiencing some rebound in multi-family activity, including Douglas, Fayette, and Henry Counties. Most of the smaller suburban counties also are experiencing some multi-family activity. Nevertheless, multi-family units should fall 29% this year from a year ago and decline a further 7% in 1990. Some of the fringe counties also are experiencing single-family employment gains. This suggests that the housing market weakness is localized rather than a general collapse in the entire area. Although activity has been weak in Cherokee, falling mortgage rates should create some rebound in activity late this year and next year. Housing activity is gradually intensifying in Forsyth County and would have been rebounding in Fayette except for the Eastern Airlines strike. Henry County is showing surprising housing growth, sustaining the gains of previous years. Some improvement is expected in single-family activity metrowide during the second half of the year, although a 31% drop from previous-year levels during the second quarter is too much to overcome this year. A modest increase in single-family activity is projected for 1990.

Vacancy rates continue to be moderate in comparison to the United States in the Atlanta construction market. Suburban vacancy rates have been increasing and currently are at 18.8%, up from 17.8% in the previous quarter. This compares to suburban vacancies of 24.4% for the nation. Downtown vacancy rates declined slightly to 14.3% as vacancy rates in downtowns nationwide increased slightly to 16.2%. Clearly, vacancy rates will rise in the downtown area once several law firms move from current to newly constructed space. Industrial vacancy rates in Atlanta remain above national rates at 6.3%. While this is up slightly from March, it suggests that construction is consistent with absorption rates in the industrial sector at the present time. This suggests that the worst of the construction curtailments probably is coming to an end. On the other hand, rental rates remain under downward pressure, with Class A space currently renting for less than $18 per square foot. Areas under construction continue to ask for more than $25 per square foot, suggesting that further construction stress will develop.

Although taxable sales were a meager 1.0% in the Atlanta metropolitan area during the winter, that was better than throughout the state. Sales remained surprisingly weak in Henry County despite estimates of strong housing and population growth. Forsyth also showed significant weakness along with Clayton, Barrow, and Coweta Counties. Weakness also was apparent in Spaulding and Walton Counties. The only metropolitan areas showing improvement in taxable sales were Fayette and Butts Counties. However, the Eastern Airlines strike had not yet impacted the Fayette community. Taxable sales showed the strongest gains in Butts and Newton Counties. Fulton County, which accounts for more than 20% of all taxable sales statewide, showed a gain of only 0.9%. Gwinnett also showed a meager 0.9% gain, suggesting substantially greater slowing in that community than previously anticipated. Despite the heavy Lockheed layoffs, Cobb County was able to register gains of 3.6%. On balance, the taxable sales figures during the first quarter of 1989 were dismal.

SUMMARY OF OUTLOOK

The best news for Atlanta is that the worst is here. The Lockheed layoffs are done. Rockwell has done its layoffs, some concessions have occurred in the communications sector, retail employment has been consolidating at J.C. Penney's and Sears while Zayres and Brandens are no longer in Atlanta, and Eastern Airlines was fully on strike during the quarter. Housing activity showed a 31% dip from a year ago, leading to performances that have not been seen since the 1970s.

However, interest rates are now coming down, if only slowly. They are expected to come down another percentage point this year. Employment weakness this year suggests further slowing in population gains next year. Construction activity is now consistent with absorption rates, although vacancy rates remain high. Although retail employment cannot be sustained at current growth rates if taxable sales continue at that dismal first-quarter rate, improvement in taxable sales is almost certain. Personal income appears to be growing about 8 percentage points faster than taxable sales at the present time. Such a surge in savings activity cannot be sustained. By the fourth quarter, transportation services will be showing a significant uptrend. Communications services probably will begin growing again. Significant gains in business and health services have not slackened, despite some modest weakness in the June business service figures. Underground appears to have been well received, with pedestrian traffic far in excess of early projections. This is especially remarkable as the convention season is not here. Such activity can only aid the attraction of conventions in the remainder of this year and in 1990. Thus, some rebound is expected in the lodging industry.

The weakness in Atlanta clearly is substantial, as durable payrolls have fallen a steep 11%. Not all of this weakness has yet been reflected in financial and retail service activity. However, this one-time slowing in employment opportunities will not cause overall employment to dip. A period of moderate growth will allow some of the counties that were previously suffering from congestion and infrastructure development to regain control over their development opportunities. By 1990, Atlanta should be in its accustomed place of growing faster than the state, while the state should return to its accustomed place of growing faster than the nation.

Table 1

Georgia Wage & Salary Employment (Seasonally Adjusted) for 1986-88 with Forecasts through 1990

Georgia State University
College of Business Administration
Economic Forecasting Center
August 1989

Description	Quarterly Seasonalized Data III 88	IV 88	I 89	II 89	JUNE(P)	Annual Percentage Change 87/86	88/87	89/88	90/89	Annual Average 1986	1987	1988	1989(F)	1990(F)
1. MANUFACTURING	572.3	569.4	568.4	564.3	562.2	1.2	0.5	-1.9	-0.5	564.6	571.2	574.1	563.0	560.1
2. DURABLE GOODS	222.5	219.3	217.4	215.0	213.1	0.2	0.3	-4.4	-0.6	222.5	223.0	223.8	213.9	212.7
3. LUMBER AND WOOD	33.4	33.1	33.2	32.9	32.8	-2.2	-0.7	-2.7	-0.9	34.7	33.9	33.7	32.8	32.5
4. FURNITURE AND FIXTURES	11.2	11.2	11.3	11.4	11.3	0.9	-5.0	-0.1	-0.9	11.8	11.9	11.3	11.3	11.2
5. STONE, CLAY, AND FIXTURES	21.0	20.9	21.0	20.5	20.2	1.5	0.6	-3.0	-1.0	20.7	21.0	21.1	20.5	20.3
6. PRIMARY METAL INDUSTRY	15.9	15.9	15.7	15.7	15.8	-1.5	-1.3	-0.5	-0.6	16.2	16.0	15.8	15.7	15.6
7. FABRICATED METAL	21.4	21.5	21.9	21.7	21.7	-0.5	3.1	2.0	-0.5	20.7	20.6	21.3	21.7	21.6
8. MACHINERY EXC ELECTRIC	26.5	26.7	26.7	26.6	26.6	0.4	2.5	0.3	-0.8	25.7	25.8	26.4	26.5	26.3
9. ELECTRIC & ELECTRONIC	31.9	31.3	31.6	32.0	31.9	3.2	4.4	0.9	0.6	29.4	30.4	31.7	32.0	32.2
10. TRANSPORTATION EQUIP	48.0	45.4	42.8	41.1	39.9	-0.6	-3.0	-18.2	-1.5	51.1	50.8	49.3	40.3	39.7
11. OTHER DURABLE GOODS	13.1	13.3	13.2	13.1	13.0	3.5	4.6	-0.4	1.5	12.1	12.6	13.2	13.1	13.3
12. NONDURABLE GOODS	349.9	350.1	351.0	349.3	349.0	1.8	0.6	-0.3	-0.5	342.1	348.2	350.3	349.1	347.4
13. FOOD AND KINDRED	59.1	59.3	60.7	60.3	60.2	0.1	-2.0	1.4	0.7	60.6	60.7	59.5	60.3	60.7
14. TEXTILE MILL PRODUCTS	109.9	109.7	110.5	110.6	111.0	4.3	1.9	1.1	-1.0	102.9	107.3	109.4	110.6	109.5
15. APPAREL & TEXTILE	67.0	66.5	65.9	65.6	65.1	-0.8	-1.1	-3.6	-1.2	69.0	68.5	67.7	65.3	64.5
16. PAPER & ALLIED PRODUCT	31.8	32.3	31.6	31.3	31.2	2.0	1.8	-2.2	-1.3	30.8	31.4	32.0	31.3	30.9
17. PRINTING & PUBLISHING	39.5	39.6	39.7	39.4	39.5	3.8	5.1	0.6	0.5	36.1	37.5	39.4	39.6	39.8
18. CHEMICALS & ALLIED	19.5	19.6	19.6	19.4	19.3	-0.8	1.4	-0.7	-0.5	19.3	19.2	19.4	19.3	19.2
19. LEATHER & LEATHER PROD	1.9	1.9	2.0	1.8	1.8	1.3	13.7	-0.9	0.0	1.6	1.6	1.8	1.8	1.8
20. OTHER NONDURABLE GOODS	21.2	21.2	21.1	20.9	20.9	1.2	-4.6	-0.8	0.5	21.8	22.1	21.1	20.9	21.0
21. TOTAL NONMANUFACTURING	2316.5	2340.2	2386.4	2367.2	2362.6	4.9	4.3	3.0	3.1	2107.5	2210.5	2304.9	2373.9	2447.1
22. MINING	8.9	9.0	9.0	8.9	8.9	3.2	4.9	-0.1	0.0	8.2	8.5	8.9	8.9	8.9
23. CONSTRUCTION	148.3	144.5	143.7	142.8	143.3	0.2	-2.1	-4.4	0.2	152.0	152.2	149.0	142.5	142.8
24. TRANSP, COMM & PUB UT	182.7	184.5	186.5	182.1	182.6	4.2	4.0	1.3	2.6	168.2	175.4	182.3	184.6	189.4
25. TRANSPORTATION	111.4	113.2	115.0	110.4	110.7	3.4	4.7	1.6	3.3	102.5	105.9	111.0	112.8	116.5
26. COMMUNICATION	44.4	44.3	44.0	44.3	44.4	7.2	2.8	0.0	0.9	40.2	43.1	44.3	44.3	44.7
27. UTILTIES	26.9	27.1	27.5	27.4	27.5	3.0	2.7	1.7	2.5	25.6	26.3	27.0	27.5	28.2
28. WHOLESALE & RETAIL TRADE	742.0	754.2	779.9	767.6	763.8	5.2	5.1	4.0	3.3	667.5	702.5	738.0	767.7	793.1
29. WHOLESALE TRADE	216.1	221.5	226.6	225.5	225.3	3.6	6.0	4.7	0.4	196.0	203.0	215.1	225.3	226.3
30. DURABLE GOODS	141.9	145.7	148.2	147.5	147.7	3.4	7.4	4.6	0.3	127.1	131.4	141.1	147.6	148.1
31. NONDURABLE GOODS	74.2	75.8	78.4	78.0	77.6	3.8	3.4	5.0	0.6	69.0	71.6	74.0	77.7	78.2
32. RETAIL TRADE	525.9	532.7	553.4	542.1	538.5	5.9	4.7	3.7	4.5	471.5	499.5	522.9	542.4	566.8
33. FINANCE, INSUR & RL EST	161.6	163.3	165.0	163.3	162.3	6.4	3.7	1.4	1.7	146.1	155.4	161.1	163.4	166.2
34. FINANCE	71.8	72.6	72.7	71.8	71.5	5.5	2.1	0.5	1.0	66.5	70.2	71.6	72.0	72.7
35. INSURANCE	52.7	53.1	53.5	53.6	53.5	7.5	4.5	2.1	2.0	46.8	50.4	52.6	53.7	54.8
36. REAL ESTATE	37.0	37.5	38.8	37.9	37.3	6.4	5.6	2.2	2.7	32.8	34.9	36.9	37.7	38.7
37. SERVICES	573.9	582.8	592.4	590.4	589.2	7.3	5.7	4.0	4.1	503.3	539.8	570.4	593.4	617.8
38. HOTELS & OTHER LODGING	39.8	39.9	40.5	39.3	38.9	2.3	1.9	0.2	1.3	38.2	39.1	39.8	39.9	40.4
39. BUSINESS SERVICES	147.5	150.6	154.9	154.4	153.8	10.1	9.6	5.3	4.9	121.3	133.7	146.5	154.2	161.7
40. HEALTH SERVICES	135.3	136.5	137.9	139.5	139.4	9.8	4.5	3.2	3.1	117.9	129.5	135.3	139.7	144.1
41. GOVERNMENT	499.1	502.0	509.9	512.1	512.5	3.1	3.9	3.7	3.0	462.2	476.7	495.2	513.4	528.9
42. FEDERAL GOVERNMENT	100.0	100.9	102.6	102.3	102.1	2.5	0.6	2.6	1.3	96.8	99.3	99.8	102.4	103.7
43. DEFENSE	35.7	36.0	36.7	36.6	36.6	-0.6	-4.8	1.7	0.5	38.1	37.8	36.0	36.6	36.8
44. OTHER FEDERAL	64.3	64.9	65.9	65.7	65.5	4.5	3.9	3.1	1.7	58.8	61.5	63.8	65.8	66.9
45. STATE & LOCAL GOVERNMENT	399.1	401.1	407.3	409.7	410.4	3.3	4.8	4.0	3.5	365.4	377.4	395.4	411.0	425.2
46. STATE GOVERNMENT	117.4	119.4	121.0	120.7	120.0	3.8	4.7	3.7	3.4	107.7	111.8	117.0	121.4	125.5
47. STATE EDUCATION	47.2	47.7	48.2	47.6	46.9	3.2	3.8	2.3	2.7	43.9	45.3	47.0	48.1	49.4
48. OTHER STATE GOVT	70.2	71.6	72.8	73.0	73.1	4.2	5.3	4.7	3.8	63.8	66.5	70.0	73.3	76.1
49. LOCAL GOVERNMENT	281.7	281.7	286.3	289.0	290.4	3.1	4.8	4.1	3.5	257.7	265.6	278.3	289.6	299.7
50. LOCAL EDUCATION	150.7	148.2	150.2	152.1	153.8	5.0	5.1	3.9	3.7	133.2	140.0	147.1	152.8	158.5
51. OTHER LOCAL GOVT	131.0	133.5	136.1	136.9	136.7	1.0	4.4	4.3	3.2	124.4	125.6	131.2	136.8	141.2
52. TOTAL NONAG. PAYROLL	2888.9	2909.6	2954.8	2931.5	2924.8	4.1	3.5	2.0	2.4	2672.2	2781.7	2879.0	2936.9	3007.2
53. CIVILIAN UNEMPL. RATE	6.2	5.0	5.4	5.6	6.0					5.9	5.5	5.9	6.2	6.4

Source : Data (in 1000's) seasonally adjusted by Forecasting Center.
JUNE(P) is seasonally adjusted preliminary June employment. 1989(F) and 1990 (F) are forecasted values.

Table 2

Georgia Personal Income for 1986-88 with Forecasts through 1990

Georgia State University
College of Business Administration
Economic Forecasting Center
August 1989

Description Quarterly Personal Income	Quarterly Data II 88	 III 88	 IV 88	 I 89	Annual percent change 86/85	 87/86	 88/87	 89/88	 90/89	Annual Average 1986	 1987	 1988	 1989(F)	 1990(F)
By Place of Residence														
1. Total Personal Income	94859	96832	99623	101643	8.9	8.6	7.7	8.9	7.8	82069	89098	95934	104467	112617
2. Nonfarm Personal Income	93700	95695	98540	100214	8.8	8.6	7.9	8.8	7.9	80966	87889	94796	103107	111223
3. Farm Personal Income	1159	1137	1083	1429	15.9	9.6	-5.9	17.0	-2.4	1103	1209	1138	1331	1299
Derivation of Income														
4. Total Earnings	74346	75724	77826	78901	9.7	9.0	7.4	7.2	7.6	64073	69822	75019	80446	86592
5. less: SSI Contribution	4491	4539	4572	4796	10.9	7.8	13.0	9.0	9.7	3688	3975	4493	4896	5369
6. plus: Residence Adj	-205	-202	-205	-201	30.5	2.4	2.3	-3.8	-3.1	-195	-199	-204	-196	-190
7. equals: Net Earnings	69650	70983	73049	73904	9.5	9.1	7.1	7.2	7.5	60191	65647	70322	75354	81033
8. plus: Div, Int, Rent	13052	13537	14066	14779	7.8	7.9	10.8	15.4	8.2	11178	12064	13368	15423	16688
9. plus: Transfer Paymnts	12157	12312	12508	12959	6.4	6.4	7.5	11.8	8.8	10700	11387	12244	13690	14896
10. State UI Benefits	201	220	224	231	7.1	2.8	-8.7	25.9	6.7	226	232	212	267	285
11. Tnsfrs less SUIB	11957	12092	12284	12728	6.4	6.5	7.9	11.6	8.9	10475	11155	12033	13423	14611
By Place of Work														
12. Components of Earnings														
13. Wages and Salaries	61808	63055	65050	65661	9.1	8.9	8.1	7.9	7.9	53069	57767	62444	67349	72652
14. Other Labor Income	5454	5489	5521	5588	9.6	7.9	4.4	4.0	3.2	4846	5227	5456	5673	5853
15. Proprietors Income	7084	7181	7255	7652	15.1	10.9	4.3	8.0	2.8	6159	6827	7119	7691	7909
16. Farm	1001	977	921	1265	19.1	10.1	-7.5	18.8	-3.6	961	1058	979	1163	1121
17. Nonfarm	6084	6203	6334	6387	14.3	11.0	6.4	6.3	4.0	5198	5769	6140	6528	6788
Earnings By Industry														
18. Farm	1159	1137	1083	1429	15.9	9.6	-5.9	17.0	-2.4	1103	1209	1138	1331	1299
19. Nonfarm	73187	74587	76743	77472	9.6	9.0	7.7	7.1	7.8	62970	68613	73881	79115	85293
20. Private	60960	62301	64053	64378	10.2	9.0	7.8	6.8	7.7	52432	57145	61597	65766	70808
21. Ag Svc, Fish, Etc	311	306	301	299	2.5	17.8	8.8	-2.9	1.0	237	279	304	295	298
22. Mining	315	321	311	313	-26.2	29.8	7.2	1.0	4.7	225	292	313	316	331
23. Construction	4733	4804	4787	4746	14.7	3.2	2.1	0.4	4.2	4494	4639	4736	4756	4954
24. Manufacturing	14176	14381	14255	14179	7.8	6.1	3.1	0.9	4.2	13005	13796	14230	14356	14965
25. Nondurable Goods	7831	8037	8053	7997	7.8	6.8	3.2	2.8	4.5	7195	7684	7930	8152	8518
26. Durable Goods	6345	6344	6203	6182	7.9	5.2	3.1	-1.5	3.9	5810	6112	6300	6204	6447
27. Trans and Pub Utils	6802	6881	7067	7216	6.3	9.8	7.8	7.8	7.6	5767	6333	6828	7359	7919
28. Wholesale Trade	6843	7065	7151	7451	5.1	6.9	11.8	9.5	6.5	5799	6202	6936	7594	8086
29. Retail Trade	7590	7702	7764	8041	8.2	7.3	8.2	9.1	10.2	6544	7023	7599	8290	9139
30. Fin, Ins, and RE	5033	4977	5064	5219	16.7	10.0	9.2	8.6	7.8	4118	4530	4948	5376	5796
31. Services	15157	15862	17354	16913	16.2	14.8	11.8	11.0	10.9	12244	14050	15702	17424	19320
32. Gvt and Gvt Entprs	12226	12286	12689	13095	6.4	8.8	7.1	8.7	8.5	10538	11468	12283	13349	14485
33. Federal, Civilian	2725	2773	2835	2941	-0.4	5.8	5.0	7.8	6.9	2483	2628	2761	2977	3181
34. Military	1749	1766	1794	1810	4.9	10.2	6.6	4.1	5.8	1501	1654	1764	1836	1943
35. State and Local	7752	7747	8061	8343	9.6	9.6	8.0	10.0	9.7	6555	7185	7759	8536	9361
36. % of US Nonfarm	2.38	2.37	2.37	2.37						2.33	2.36	2.37	2.37	2.39
37. Population						2.1	1.8	1.8	1.6	6101	6227	6342	6453	6558

Source : Bureau of Economic Analysis
1989(F) and 1990(F) are forecasted values.

Table 3

Atlanta Wage & Salary Employment (Seasonally Adjusted) for 1986-88 with Forecasts through 1990

Georgia State University
College of Business Administration
Economic Forcasting Center
August 1989

Description	Quarterly Seasonalized Data III 88	IV 88	I 89	II 89	JUNE(P)	Annual Percentage Change 87/86	88/87	89/88	90/89	Annual Average 1986	1987	1988	1989(F)	1990(F)
1. MANUFACTURING	182.4	179.2	177.1	173.9	172.0	-1.3	-2.3	-6.1	-0.3	191.1	188.8	184.4	173.1	172.6
2. DURABLE GOODS	93.1	90.1	87.4	85.0	83.4	-2.0	-3.8	-11.1	-1.1	100.4	98.4	94.7	84.2	83.3
3. LUMBER AND WOOD	4.9	4.7	4.0	4.2	4.2	2.0	-4.0	-14.4	-2.4	5.0	5.1	4.9	4.2	4.1
4. FURNITURE AND FIXTURES	4.2	4.2	4.3	4.2	4.1	-3.5	-1.1	-2.6	-2.4	4.4	4.3	4.2	4.1	4.0
5. STONE, CLAY, AND FIXTURES	9.3	9.3	9.4	9.1	8.9	-1.5	-3.4	-2.4	-2.2	9.8	9.7	9.3	9.1	8.9
6. PRIMARY METAL INDUSTRY	6.5	6.3	6.4	6.4	6.6	0.4	-7.5	-1.1	-1.6	7.0	7.0	6.5	6.4	6.3
7. FABRICATED METAL	9.8	9.9	10.1	10.1	10.1	0.3	2.5	3.3	0.0	9.5	9.5	9.8	10.1	10.1
8. MACHINERY EXC ELECTRIC	9.6	9.6	9.6	9.3	9.1	-5.6	-3.6	-4.3	-1.1	10.6	10.0	9.6	9.2	9.1
9. ELECTRIC & ELECTRONIC	16.5	16.0	15.9	15.7	15.5	-0.2	6.5	-5.7	0.0	15.5	15.4	16.4	15.5	15.5
10. TRANSPORTATION EQUIP	26.4	24.0	21.5	20.0	18.9	-3.8	-12.0	-30.3	-1.5	33.0	31.8	28.0	19.5	19.2
11. OTHER DURABLE GOODS	6.0	6.1	6.1	6.0	6.0	-0.3	5.8	2.0	0.0	5.7	5.7	6.0	6.1	6.1
12. NONDURABLE GOODS	89.4	89.1	89.7	88.9	88.5	-0.4	-0.7	-0.9	0.4	90.7	90.4	89.7	88.9	89.3
13. FOOD AND KINDRED	20.0	19.9	20.2	19.9	20.0	-4.3	-4.1	-0.8	1.0	22.0	21.0	20.2	20.0	20.2
14. TEXTILE MILL PRODUCTS	7.6	7.6	7.4	7.0	7.0	3.9	2.7	-6.4	-2.8	7.1	7.4	7.6	7.1	6.9
15. APPAREL & TEXTILE	10.5	10.3	10.3	10.5	10.2	-6.4	-7.3	-3.7	-2.9	12.3	11.5	10.7	10.3	10.0
16. PAPER & ALLIED PRODUCT	8.9	9.1	9.2	9.0	8.9	-0.4	0.7	0.9	1.1	8.9	8.9	8.9	9.0	9.1
17. PRINTING & PUBLISHING	24.1	24.0	24.1	23.9	23.8	2.8	4.0	-0.3	1.3	22.4	23.0	24.0	23.9	24.2
18. CHEMICALS & ALLIED	9.1	9.2	9.2	9.1	9.0	-2.2	0.4	-0.5	1.1	9.3	9.1	9.1	9.1	9.2
19. OTHER NONDURABLE GOODS	9.2	9.1	9.4	9.5	9.5	8.2	-1.5	2.9	2.1	8.7	9.4	9.2	9.5	9.7
20. TOTAL NONMANUFACTURING	1237.7	1245.8	1267.3	1259.6	1259.8	4.9	3.8	2.7	3.1	1132.6	1187.9	1233.1	1266.3	1305.8
21. MINING	1.5	1.5	1.5	1.4	1.4	10.0	4.7	-6.7	0.0	1.3	1.4	1.5	1.4	1.4
22. CONSTRUCTION	70.0	69.5	68.0	67.3	66.7	-1.3	-3.7	-5.0	-1.0	74.0	73.0	70.3	66.8	66.1
23. TRANSP, COMM & PUB UT	120.7	121.4	120.8	116.7	116.9	5.3	4.5	-1.8	4.8	109.3	115.2	120.3	118.2	123.9
24. TRANSPORTATION	76.6	77.5	77.3	72.8	73.2	4.3	4.8	-2.4	7.2	69.9	72.9	76.3	74.5	79.9
25. COMMUNICATION & UTILITY	44.1	43.9	43.5	43.9	43.7	7.1	4.0	-0.6	0.7	39.5	42.3	44.0	43.7	44.0
26. WHOLESALE & RETAIL TRADE	402.0	404.2	414.3	412.3	413.8	4.9	4.2	3.6	2.6	366.3	384.0	400.1	414.5	425.2
27. WHOLESALE TRADE	138.1	138.6	141.5	143.4	144.3	3.3	3.8	4.5	1.9	128.3	132.6	137.7	143.8	146.6
28. DURABLE GOODS	98.6	99.2	100.7	102.1	103.1	2.4	5.1	4.2	1.8	91.4	93.6	98.4	102.5	104.3
29. NONDURABLE GOODS	39.6	39.4	40.8	41.3	41.1	5.6	0.8	5.2	2.4	36.9	39.0	39.3	41.3	42.3
30. RETAIL TRADE	263.8	265.6	272.7	268.9	269.6	5.7	4.4	3.1	2.9	238.0	251.5	262.4	270.7	278.6
31. FINANCE, INSUR & RL EST	103.2	104.1	105.1	104.9	104.3	6.1	3.9	2.0	1.7	93.4	99.1	102.9	105.0	106.8
32. FINANCE	40.7	41.2	41.6	41.4	41.3	4.4	0.4	1.9	3.4	38.8	40.5	40.7	41.5	42.9
33. INSURANCE	36.8	37.0	37.3	37.3	37.2	7.7	6.0	1.7	1.3	32.1	34.6	36.7	37.3	37.8
34. REAL ESTATE	25.7	25.9	26.6	26.2	25.8	6.9	6.8	2.5	-0.4	22.4	23.9	25.6	26.2	26.1
35. SERVICES	337.3	340.3	348.3	348.9	348.7	5.9	4.6	4.8	4.6	302.7	320.7	335.4	351.4	367.4
36. HOTELS & OTHER LODGING	23.6	23.7	23.9	23.6	23.4	2.0	0.4	0.6	2.1	23.0	23.5	23.6	23.7	24.2
37. BUSINESS SERVICES	104.1	105.1	109.1	109.1	108.8	7.1	6.4	6.0	5.8	91.2	97.7	103.9	110.1	116.5
38. HEALTH SERVICES	62.8	63.1	64.6	65.7	65.9	8.5	6.1	6.4	5.3	54.2	58.8	62.3	66.3	69.8
39. GOVERNMENT	203.1	204.8	208.9	208.1	208.0	4.8	4.2	3.2	2.9	185.6	194.5	202.6	209.0	215.0
40. FEDERAL GOVERNMENT	43.7	44.4	45.0	44.7	44.4	5.4	3.7	2.5	2.2	39.9	42.0	43.6	44.7	45.7
41. DEFENSE	6.0	5.9	6.0	5.9	6.0	-0.4	-3.6	-1.2	-1.7	6.2	6.2	6.0	5.9	5.8
42. OTHER FEDERAL	37.7	38.4	39.0	38.8	38.5	6.5	5.0	3.1	2.8	33.6	35.8	37.6	38.8	39.9
43. STATE & LOCAL GOVERNMENT	159.4	160.5	163.9	163.4	163.5	4.7	4.3	3.3	3.0	145.7	152.5	159.0	164.3	169.3
44. STATE GOVERNMENT	40.7	41.5	41.9	41.3	41.4	5.2	4.1	3.3	3.8	36.9	38.9	40.5	41.8	43.4
45. STATE EDUCATION	13.9	14.1	14.3	13.6	13.7	10.1	3.2	1.9	3.6	12.1	13.3	13.7	14.0	14.5
46. OTHER STATE GOVT	26.8	27.4	27.6	27.7	27.7	2.9	4.6	4.0	4.0	24.8	25.6	26.7	27.8	28.9
47. LOCAL GOVERNMENT	118.7	119.0	122.0	122.2	122.4	4.5	4.3	3.3	2.8	108.8	113.6	118.5	122.5	125.9
48. LOCAL EDUCATION	58.4	57.3	59.0	59.1	59.2	6.9	2.3	1.8	2.0	53.2	56.9	58.2	59.3	60.5
49. OTHER LOCAL GOVT	60.3	61.7	63.0	63.1	63.2	2.1	6.4	4.8	3.5	55.5	56.7	60.3	63.2	65.4
50. TOTAL NONAG. PAYROLL	1420.2	1425.0	1444.4	1433.5	1431.8	4.0	3.0	1.5	2.7	1323.7	1376.7	1417.5	1439.4	1478.4
51. CIVILIAN UNEMPL. RATE	5.5	4.5	4.9	5.4	5.7					4.7	4.7	5.2	5.6	5.5

Source : Data (in 1000's) seasonally adjusted by Forecasting Center.
JUNE(P) is seasonally adjusted preliminary June employment. 1989(F) and 1990 (F) are forcasted values.

Table 4

Atlanta Personal Income for 1984-87 with Forecasts through 1990

Georgia State University
College of Business Administration
Economic Forecasting Center
August 1989

Description Annual Personal Income	Annual Average 1984	1985	1986	1987	1988(E)	1989(P)	1990(P)	Annual Percentage Change 85/84	86/85	87/86	88/87(E)	89/88(P)	90/89(P)
By Place of Residence													
1. Total Personal Income	34082	38186	41984	45943	49581	53561	58082	12.0	9.9	9.4	7.9	8.0	8.4
2. Nonfarm Personal Income	33955	38070	41828	45811	49341	53405	57935	12.1	9.9	9.5	7.7	8.2	8.5
3. Farm Personal Income	127	116	156	132	150	156	147	-9.0	34.9	-15.4	13.5	4.0	-5.8
Derivation of Income													
4. Total Earnings	28485	32180	35694	39201	42059	44603	48356	13.0	10.9	9.8	7.3	6.0	8.4
5. less: SSI Contribution	1562	1850	2081	2263	2548	2735	3035	18.4	12.5	8.7	12.6	7.3	11.0
6. plus: Residence Adj	-727	-866	-1034	-1119	-1062	-985	-993	19.1	19.3	8.2	-5.1	-7.3	0.8
7. equals: Net Earnings	26196	29463	32579	35819	38449	40883	44328	12.5	10.6	9.9	7.3	6.3	8.4
8. plus: Div, Int, Rent	4665	5218	5641	6092	6786	7879	8533	11.9	8.1	8.0	11.4	16.1	8.3
9. plus: Transfer Paymnts	3222	3505	3764	4032	4346	4799	5221	8.8	7.4	7.1	7.8	10.4	8.8
By Place of Work													
10. Components of Earnings													
11. Wages and Salaries	24058	27223	30075	33099	35634	37858	41333	13.2	10.5	10.1	7.7	6.2	9.2
12. Other Labor Income	2335	2529	2800	3052	3205	3339	3459	8.3	10.7	9.0	5.0	4.2	3.6
13. Proprietors Income	2092	2428	2818	3050	3220	3406	3564	16.0	16.1	8.2	5.6	5.8	4.6
14. Farm	117	106	147	122	137	141	132	-9.5	38.3	-16.6	11.9	2.9	-6.4
15. Nonfarm	1975	2322	2671	2928	3083	3265	3432	17.5	15.1	9.6	5.3	5.9	5.1
Earnings By Industry													
16. Farm	127	116	156	132	150	156	147	-9.0	34.9	-15.4	13.5	4.0	-5.8
17. Nonfarm	28358	32064	35537	39069	41909	44447	48209	13.1	10.8	9.9	7.3	6.1	8.5
18. Private	24746	28094	31247	34325	36805	38885	42149	13.5	11.2	9.9	7.2	5.7	8.4
19. Ag Svc, Fish, Etc	84	103	114	123	128	125	126	22.6	10.3	7.9	4.2	-2.3	0.8
20. Mining	61	86	45	67	72	77	81	40.5	-48.0	49.2	7.5	6.9	5.2
21. Construction	1875	2212	2529	2669	2682	2698	2779	18.0	14.4	5.5	0.5	0.6	3.0
22. Manufacturing	4379	4822	5311	5639	5653	5439	5675	10.1	10.1	6.2	0.2	-3.8	4.3
23. Nondurable Goods	1883	2005	2236	2414	2460	2497	2632	6.5	11.5	7.9	1.9	1.5	5.4
24. Durable Goods	2496	2817	3075	3225	3193	2942	3043	12.8	9.2	4.9	-1.0	-7.9	3.4
25. Trans and Pub Utils	3459	3784	4060	4510	4884	5124	5641	9.4	7.3	11.1	8.3	4.9	10.1
26. Wholesale Trade	3769	4320	4585	4921	5393	5841	6308	14.6	6.1	7.3	9.6	8.3	8.0
27. Retail Trade	3022	3407	3683	4035	4353	4698	5102	12.7	8.1	9.6	7.9	7.9	8.6
28. Fin, Ins, and RE	2183	2555	3005	3344	3658	3973	4283	17.1	17.6	11.3	9.4	8.6	7.8
29. Services	5892	6805	7914	9017	9982	10910	12154	15.5	16.3	13.9	10.7	9.3	11.4
30. Gvt and Gvt Entprs	3612	3970	4291	4744	5104	5562	6060	9.9	8.1	10.6	7.6	9.0	9.0
31. Federal, Civilian	1018	1106	1123	1216	1314	1416	1549	8.7	1.5	8.3	8.1	7.8	9.4
32. Military	215	236	260	277	294	301	312	9.5	10.1	6.6	6.2	2.4	3.7
33. State and Local	2379	2628	2909	3252	3496	3845	4199	10.4	10.7	11.8	7.5	10.0	9.2
34. % of GA Nonfarm	45.6	47.0	47.6	48.3	51.7	51.7	51.9						
35. Population	2379	2469	2569	2657	2732	2800	2859	3.8	4.1	3.4	2.8	2.5	2.1

Source : Bureau of Economic Analysis
1989(P) and 1990(P) are forecasted values. 1988(E) are estimated values.

TABLE 5

METRO ATLANTA HOUSING PERMITS
FOR 1986 THROUGH 1988 WITH FORECASTS THROUGH 1990

Georgia State University
College of Business Administration
Economic Forecasting Center
August 1989

COUNTY	III88 SINGLE	III88 MULT	IV88 SINGLE	IV88 MULT	I89 SINGLE	I89 MULT	I189 SINGLE	I189 MULT	1986 SINGLE	1986 MULT	1987 SINGLE	1987 MULT	1988 SINGLE	1988 MULT	1989(P) SINGLE	1989(P) MULT	1990(P) SINGLE	1990(P) MULT
* BARROW	108	0	24	0	50	0	65	48	*	*	140	0	253	10	260	60	295	40
BUTTS	35	0	39	0	32	0	29	0	64	0	96	0	128	6	150	10	180	10
CHEROKEE	442	4	399	26	374	0	317	12	2450	265	1869	94	1700	43	1520	50	1650	50
CLAYTON	385	40	259	451	315	163	237	503	1559	1832	1458	1834	1475	1319	1230	1240	1200	1100
COBB	932	140	687	470	910	583	645	42	5875	3922	5747	2969	4231	1567	3140	1060	3050	760
* COWETA	221	0	187	0	242	48	204	0	*	*	825	0	873	53	865	75	915	60
DEKALB	758	1061	397	1519	592	502	590	467	3265	3647	2820	2363	2940	4589	2465	2150	2515	2350
DOUGLAS	325	183	98	0	177	632	133	1	779	202	1048	303	908	647	700	850	730	650
FAYETTE	283	94	221	2	293	126	233	40	802	0	767	0	1221	101	1050	280	1090	250
FORSYTH	196	2	193	0	201	2	218	5	782	120	731	6	826	4	850	10	890	10
FULTON	869	461	439	848	903	265	839	1336	3416	4355	3949	2917	3519	3736	2980	2990	2680	2550
GWINNETT	1184	574	648	6	1196	248	982	27	5728	4062	5496	525	4571	1298	4030	750	4130	970
HENRY	412	48	254	54	353	148	239	24	1322	164	1442	134	1412	151	1290	320	1310	260
NEWTON	102	0	86	80	181	16	121	0	373	62	513	0	449	80	520	40	560	60
PAULDING	187	0	129	2	150	0	192	0	882	6	1110	0	893	2	680	10	725	10
ROCKDALE	174	4	130	0	165	0	170	0	1075	298	1002	54	743	116	580	50	640	100
* SPALDING	78	242	84	22	93	31	75	0	*	*	635	24	321	304	340	60	400	50
WALTON	122	18	120	0	122	16	143	0	343	0	482	0	562	74	500	40	510	60
TOTAL: SINGLE & MULTI	6813	2871	4394	3480	6349	2780	5432	2505	28715	18935	30130	11223	27025	14100	23150	10045	23470	9340
% CHANGE FROM PREVIOUS QUARTER/YEAR	-8.6	-37.5	-21.6	52.4	-19.9	-23.2	-31.1	-39.3	8.5	7.2	-0.6	-40.9	-10.3	25.6	-14.3	-28.8	1.4	-7.0
TOTAL PERMITS (SINGLE + MULTI)	9684		7874		9129		7937		47650		41353		41125		33195		32810	
% CHANGE IN TOTAL (SINGLE + MULTI)	-19.6		-0.2		-21.0		-34.0		7.9		-16.6		-0.6		-19.3		-1.2	
ESTIMATED POTENTIAL ABSORPTION (000)									48.6		42.5		39.4		32.1		30.4	

Source : Homebuilders Association of Metro Atlanta
1989 (P) and 1990 (P) are forecasted values
* These counties not included in survey until 1987. 1986-1987 % changes are calculated on a 15-county basis.

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